COMBINED MANAGEMENT REPORT OF PUMA SE FOR THE FINANCIAL YEAR 2022

Combined Management Report
This report combines the Management Report of the PUMA Group and the Management Report of PUMA SE.

Notes relating to forward-looking statements

This document contains statements about the future business development and strategic direction of the Company. The forward-looking statements are based on management's current expectations and assumptions. They are subject to certain risks and fluctuations as described in other publications, in particular in the risk and opportunities management section of the combined management report. If these expectations and assumptions do not apply or if unforeseen risks arise, the actual course of business may differ significantly from the expected developments. We therefore assume no liability for the accuracy of these forecasts.

These sections contain content or cross-references not required by law, which were not audited by the auditor, but were merely read critically. In the case of cross-references, the information to which the cross-references refer was also not audited.

OVERVIEW 2022

In 2022, the ongoing COVID-19 pandemic and the war in Ukraine required PUMA to be flexible and pragmatic. The health and safety of our PUMA Family was our top priority, while we executed our strategy to become the world's fastest sports brand and continued our strong growth momentum.

From the outset of the war in Ukraine, we focused on our employees, athletes and other partners, providing safe accommodation and welcoming many PUMA employees and their families in Germany and Poland, where we also helped arranging work permits and jobs.

We were impressed by the actions taken by our PUMA Family. Colleagues in Poland and Hungary waited at the borders to bring PUMA employees and ambassadors from Ukraine to safety. Others from our HQ in Herzogenaurach drove to Ukraine to bring necessities such as food and clothes to help those who had stayed in the country. We also gathered product donations for aid organizations in Ukraine to get help to those who needed it most.

For our efforts to provide an attractive workplace, PUMA was named a Top Employer 2022 in several regions of the world, including Europe and Asia/Pacific. We were listed by Forbes among the World's Best Employers and by the Financial Times as a Leader in Diversity for Europe. In Germany, we were named "Company of the Year" at the German Diversity Awards and in Mexico we were among the best places to work for women in Expansión's ranking "Súper Empresas Para Mujeres".

The COVID-19 pandemic eased in Europe and the Americas, but the situation for our store network and our supply chain remained challenging in parts of Asia, especially in China, where our employees did an exceptional job despite the repeated lockdowns. The tireless work of our sourcing teams ensured that supply chain disruptions were kept to a minimum throughout the year.

PUMA's brand heat was boosted further by the great performances of our athletes, who underscored our credibility as a sports brand. At the World Athletics Championships in Eugene, Oregon, USA, Jamaican sprinter Shericka Jackson ran the second fastest 200m time in history, while Swedish pole vaulter Armand "Mondo" Duplantis set yet another world record of 6.21 meters and was named "World Athlete of the Year." Another gold went to Portuguese athlete Pedro Pichardo in the triple jump with the best performance of the year.

Our Ukrainian PUMA athlete Yaroslava Mahuchikh won the gold in the high jump at the World Indoor Championships in Belgrade, Serbia and the European Championships in Munich, Germany. Her win in Belgrade was a very emotional moment, after she took a difficult three-day journey by car at the start of the war in Ukraine to travel to the event in Serbia.

Our athletes relied on the latest versions of our evoSPEED NITRO spikes, which are made with PUMA's NITRO-Technology and a PWRPLATE for extraordinary energy return. NITRO is also an important part of our newest product line-up for long-distance and road running, such as the futuristic FAST-R NITRO Elite and the DEVIATE NITRO ELITE 2.

We also added to our roster of international top athletes in road running, by signing Norwegian Sondre Moen and US athlete Jenny Simpson.

In Football, our PUMA Team Morocco sensationally reached the semifinal of the World Cup in Qatar. Our players Antoine Griezmann, Olivier Giroud and Raphaël Varane were in the French starting line-up in the final. Neymar Jr. scored his 77th goal for the Brazilian national team, equaling the record of football icon Pelé. Ahead of the tournament, we kicked off the "Generation Fearless" campaign, as part of which our global teamsport ambassadors presented our new ULTRA and the FUTURE 1.4 football boots.

The Women's Euro in England confirmed the increasing popularity of women's football in all markets. With Austria, Iceland, Italy and Switzerland, PUMA had four teams at the tournament and also generated great visibility with the more than 70 players who played in our boots. We equipped our players and teams with special collections and supported them with marketing campaigns ahead of the tournament.

Among club teams, PUMA teams AC Milan and Manchester City both won the title and Olympique de Marseille and Borussia Dortmund came in second in their respective leagues. In the Netherlands, PSV Eindhoven won the Dutch Cup. At the end of the season, PUMA secured a long-term contract extension with AC Milan and became the official match ball provider of the Italian football league Serie A, starting from the 2022/23 season.

In North America, PUMA works with LaMelo Ball, one of the most successful players in the NBA, and we created the very successful signature shoes MB.01 and MB.02 with him, which are sold exclusively at our strategic retail partner Foot Locker. Our basketball athlete Marcus Smart was named NBA Defensive Player of the Year while Jackie Young became the most improved player of the year in the WNBA. We expanded our roster of Basketball ambassadors with new signings such as Mikey Williams, Scoot Henderson and NaLyssa Smith.

In Golf, Cobra PUMA Golf athlete Ewen Ferguson won the Commercial Bank Qatar Masters and the ISPS Handa World Invitational, while Olivia Cowan claimed her maiden Ladies European Tour Victory in India at the Hero Women's Open. Lexi Thompson took the trophy at the Aramaco series in NYC and once again joined the champions circle. Anna Nordqvist won in the The Netherlands and brought home the Big Green Egg Open. Finally, Justin Suh took his first win at the Korn Ferry Tour Championship, which paved his way onto the PGA Tour and gives him a spot in 2023 at The Players Championship and at the US Open.

In Motorsport, Red Bull Racing driver Max Verstappen secured another Formula 1 Drivers' Championship, as PUMA supplied the three most successful teams in the sport: Scuderia Ferrari, Oracle Red Bull Racing and Mercedes-AMG Petronas F1. We benefited from the increasing popularity of the sport, especially in the United States, where Miami hosted its first Grand Prix in 2022, which was immediately sold out.

During our return to New York Fashion Week, our spectacular FUTROGRADE show included a digital Web3 experience. The runway show was curated by PUMA Creative Director June Ambrose and special appearances on the catwalk by our ambassadors such as Usain Bolt, Winnie Harlow and Yaroslava Mahuchikh created a lot of buzz in the press and on social media. With the FUTROGRADE event, we showed that the virtual world is becoming increasingly relevant for our young audience.

In 2022, we also unveiled our largest Web3 collaboration to date with 10KTF and launched "PUMA and the Land of Games" on the online gaming platform Roblox. We used the Roblox experience for a unique launch event, as we first presented Manchester City's new third kit in "PUMA and the Land of Games", giving players the first opportunity to explore and interact with the new kit in the virtual world.

In 2022, we launched our PUMA Shopping App in India, the United States, the UK and Japan. The app allows consumers to virtually try on selected products before they buy, see what the products look like in sophisticated 3D animations and make purchases. PUMA further strengthened its distribution by entering new markets with the PUMA.com online store in the Philippines, Thailand, Peru, Norway, Saudi Arabia and several other new countries in the Middle East and Africa.

We announced a long-term partnership with British-Nigerian rapper, and record producer Skepta, who will design product and be a part of global marketing campaigns. Deals with pop stars Eleni Foureira from Greece and Teodora from Serbia underlined our focus on local relevance to reach audiences around the world.

In September, we invited industry peers, activists, NGOs, experts, ambassadors, and consumers to London for our sustainability event Conference of the People, an open conversation about sustainability, which put the concerns of Gen Z at the center of the debate. It gave us the opportunity to explain our sustainability work in great detail, including the RE:SUEDE and RE:JERSEY circularity projects. For RE:SUEDE, we distributed 500 experimental pairs of our iconic SUEDE sneaker to consumers in Germany, who tested them for half a year before returning them, so we can establish whether the sneakers can be biodegraded in a controlled industrial setting. The RE:JERSEY recycling project was unveiled in partnership with our football teams Manchester City, AC Milan, Borussia Dortmund, Olympique de Marseille and Girona. In this project, we trial a chemical recycling process, which can turn old polyester garments into new polyester yarn and even deal with logos, embroideries and club badges. We expect to scale up the use of this chemical recycling process in the coming years.

Given our sustainability efforts, we were honored when industry publication Business of Fashion named PUMA the most sustainable brand in a ranking of the 30 largest companies in the business and when we received the Footwear News Sustainability Leadership Award. These awards are an important confirmation for us that we are on the right track and are making progress with our strategy to make PUMA more sustainable.

In November the Supervisory Board appointed Arne Freundt to become the chairman of the management board and CEO of PUMA SE. Arne Freundt has worked for PUMA for more than ten years, previously as a member of the Management Board and Chief Commercial Officer. He replaced Bjørn Gulden, who left the company after nine years.

In April, the Supervisory Board elected Héloïse Temple-Boyer as Chair of the Supervisory Board at its meeting. Héloïse Temple-Boyer has been a member of the Board since 2019 and is a member of the Audit Committee.

The financial year 2022 was marked by operational challenges due to the continued effects of the COVID-19 pandemic and the effects of the Russian invasion of Ukraine. The negative impact of the pandemic in the form of lockdown measures was particularly evident in Greater China, where retail shops had to be temporarily closed. Global goods availability improved significantly due to easing capacity bottlenecks in the logistics industry towards the end of the year.

Russia's invasion of Ukraine led to a significant impairment of business in these two countries in the past financial year 2022. At the beginning of the invasion, we suspended all of our retail activities in Russia and Ukraine. As a result, no sales were generated with the respective retail activities, but costs continued to be incurred. In Russia, retail activities remained suspended for the rest of the year. In Ukraine, we were able to resume most of our retail activities over the course of the year on the initiative of the Ukrainian team. Russia and Ukraine's share of the total sales of the PUMA Group declined from almost 4% in the previous year and was then only 2% in 2022. At the end of the year, retail stores in Russia incurred impairment losses on rights-of-use in the amount of a high single-digit million euro figure. Due to the current situation, our retail activities in Russia remain suspended until further notice. The management team are carefully monitoring the current situation in Russia and analyzing the various possible scenarios and measures. In all our considerations, the health and safety of our employees and their families are always our top priority.

Despite the uncertain geopolitical and macroeconomic business environment and the continuing negative impact of the COVID-19 pandemic, 2022 was the most successful financial year ever in the history of PUMA. Based on continued brand dynamics, successful product launches, the best possible service for our retail partners, athletes and consumers and a strong focus on flexibility in business operations, PUMA achieved record sales, operating result (EBIT) and consolidated net earnings in the past financial year.

The ongoing restrictions in connection with the COVID-19 pandemic in the Asian markets, especially in Greater China, the crisis in Ukraine and persistently high inflation had a negative impact on consumer confidence and demand in 2022. Nevertheless, in the past financial year 2022, PUMA managed to exceed € 8 billion in sales for the first time in the company's history. Currency-adjusted sales increased by 18.9%.

In the reporting currency, the euro, this corresponds to an increase in sales of 24.4% from € 6,805 million in the previous year to € 8,465 million in 2022. In the financial year 2022, PUMA thus managed to surpass the sales forecast for currency-adjusted sales growth in the mid-teen percent range, which had already been adjusted upward during the year.

Higher sourcing prices due to raw materials and cost increases for incoming freight, an unfavorable regional and distribution channel mix and increased promotional activities due to the promotional market environment led to a decline in the gross profit margin from 47.9% in the previous year to 46.1% in 2022. These negative effects were partially offset by price adjustments and currency effects. Net expenses from other operating income and expenses increased by a total of 21.0% in the 2022 financial year from € 2,725 million in the previous year to € 3,296 million. The increase was mainly due to higher expenses for marketing, a higher number of the Group's own retail stores and higher sales-related distribution and warehousing costs. In addition, PUMA continued to be faced with operational inefficiencies, particularly in the supply chain, due to COVID-19. The weaker increase in other operating income and expenses compared to sales growth reflects the operating leverage achieved. As a result of continued cost control, it was possible to achieve a reduction in the cost ratio from 40.0% in the previous year to 38.9% in 2022.

Due to the strong sales growth and continued cost control, the operating result (EBIT) increased by 15.0% in the past financial year from € 557.1 million to € 640.6 million. The operating result therefore lies within the forecast of a range between € 600 million and € 700 million. However, the EBIT margin decreased from 8.2% in the previous year to 7.6% in 2022. The improvement in operating result is also reflected in the development of consolidated net earnings, which improved by 14.2% year-on-year. Consolidated net earnings increased from € 309.6 million in the previous year to € 353.5 million, while earnings per share rose accordingly from € 2.07 in the previous year to € 2.36. This allowed PUMA to achieve record consolidated net earnings in the financial year 2022 and fully achieve the profitability targets in the past financial year.

The positive net earnings enables the Management Board and the Supervisory Board to propose the distribution of a dividend of € 0.82 per share for the financial year 2022 at the Annual General Meeting on May 24, 2023 via corresponding distributions and profit transfers to PUMA SE. This corresponds to a payout ratio of 34.7% of consolidated net earnings according to IFRS and is in accordance with PUMA's dividend policy, which foresees a payout ratio of 25% to 35% of consolidated net earnings. In the previous year, a dividend of € 0.72 per share was paid out (payout ratio for previous year: 34.8%).

As part of the quarterly index review, the PUMA share has been relisted on the MDAX stock exchange index since December 2022. The PUMA share was previously a member of the DAX since September 2021. After starting 2022 at a price of € 107.50, PUMA's share price fell to a low of € 43.85 in October 2022. The price of the PUMA share then recovered by the end of the year and rose to € 56.70. This represents a decline in the share price of 47.2% compared with the previous year. The market capitalization of the PUMA Group amounted to around € 8.5 billion at year-end 2022 (previous year: € 16.1 billion).

PUMA GROUP ESSENTIAL INFORMATION

COMMERCIAL ACTIVITIES AND ORGANIZATIONAL STRUCTURE

PUMA SE operates as a European stock corporation with Group headquarters in Herzogenaurach, Germany. In the internal reporting, our business activities are mapped according to three major regions (EMEA, the Americas and Asia/Pacific) and three product divisions (footwear, apparel and accessories). In addition, we consider seven segments for internal management purposes, as shown in the segment reporting.

Our revenues are derived from the sale of products from the PUMA and Cobra Golf brands via the wholesale and retail trade, as well as from sales directly to consumers in our own retail stores and online stores. We market and distribute our products worldwide primarily via our own subsidiaries. There are distribution agreements in place with independent distributors in a small number of countries.

As of December 31, 2022, 99 subsidiaries were controlled directly or indirectly by PUMA SE. Our subsidiaries carry out various tasks at the local level, such as distribution, marketing, product development, sourcing and administration. A full list of all subsidiaries can be found in chapter 2 of the Notes to the Consolidated Financial Statements (in the subsection "Group of consolidated companies").

TARGETS AND STRATEGY

Our eight strategic priorities continued to guide us in 2022: brand heat, product ranges that are right for our consumers, a comprehensive offer for women, improving the quality of our distribution, increasing the speed and efficiency of our organizational infrastructure, leveraging our re-entry into Basketball to improve our position in North America and to focus on local relevance and sustainability.

With a history of almost 75 years, PUMA has worked with the most famous and successful athletes in history to gain credibility as a sports brand and to create **brand heat**: Usain Bolt, Sir Lewis Hamilton, Pelé, Maradona, Tommie Smith, Boris Becker, Linford Christie, Serena Williams, Heike Drechsler and Martina Navratilova, are among the many sports legends PUMA has worked with over the years. Today, we also aim to partner with the most relevant and successful brand ambassadors of their generation. In football, PUMA works with star players such as Neymar Jr, Antoine Griezmann, Nikita Parris and Alexandra Popp, top football manager Pep Guardiola, and international top clubs such as Manchester City, Borussia Dortmund, Valencia CF, Olympique Marseille, AC Milan, PSV Eindhoven and Palmeiras São Paulo.

In track & field, we also have a roster of world class athletes, including Norwegian hurdler and world record holder Karsten Warholm, Canadian sprinter André De Grasse, Jamaican sprinters Shericka Jackson and Elaine Thompson-Herah, Italien high jumper Gianmarco Tamberi, as well as Swedish pole vault world record holder Mondo Duplantis.

Throughout the year, we signed several new track and field ambassadors such as Mutaz Essa Barshim, Abby Steiner and Emmanuel Korir. Our strategy paid off at the World Athletics Championships in Eugene, the Commonwealth Games and the European Championships in Munich, where our athletes won medals and set new records.

PUMA also generates brand heat by working with icons of culture and fashion, who are highly relevant for our target audience, such as Dua Lipa, Skepta, Winnie Harlow and Jay-Z.

In 2022, we significantly improved our **product offering** across all business units. Highlights included our Performance Footwear, especially the running styles VELOCITY and DEVIATE featuring our proprietary NITRO technology, which showed strong sell-through and won awards such as the Runner's World Editor's Choice Gold Medal.

To further strengthen our position in Running and Training, we introduced our SEASONS collection in the fall, a new range of outdoor items made to protect against the elements all year round.

In Teamsport, our innovative PUMA ULTRA and FUTURE as well as the classic KING football boots were very successful and gained market share throughout the year. For the World Cup in Qatar, we introduced our football boots in the colors of the "Fearless Pack", which ensured great visibility on pitch.

With the introduction of the SLIPSTREAM in a global campaign that was supported by our most prominent ambassadors such as Neymar Jr, Danna Paola and Romeo Beckham, we launched a new Classics footwear franchise that will be a part of our product portfolio in the years to come.

In Apparel and Accessories we saw strong sell-through of our performance and Sportstyle products, including collaborations with partners such as AMI Paris, MCM, Palomo Spain, Vogue, Coca Cola, Pokemon, Garfield and Vogue.

Around the world, **women** increasingly participate in sports and sportswear has become an important part of fashion-conscious outfits everywhere. It is our strategic priority to provide a comprehensive product offer for our female consumers throughout our range and across all life stages, including modest wear, period activewear and maternity wear.

PUMA created bespoke national team home kits for the Women's Euro to highlight our commitment to women's football. Our players in the tournament, such as German forward Alexandra Popp and Icelandic midfielder Sara Björk Gunnarsdottir, received their FUTURE or ULTRA football boots in women's specific fits in a special PUMA x LIBERTY design. In Basketball, we introduced a signature shoe for WNBA star Breanna "Stewie" Stewart, the first signature shoe for a female athlete in over a decade.

Our decision to reenter **Basketball** in 2018 has spurred our growth in the North American market in the past years. Following the sell-out success of the various versions of LaMelo Ball's first signature shoe, MB.01, we added a second style, MB.02, in 2022. With various activations of our ambassadors and a strong line-up of Footwear, Apparel and Accessories, our Basketball business has become a strong and successful part of our product offering.

Basketball's popularity in North America is an example how some sports can have a **strong local relevance** in certain regions. In other markets, PUMA is active in cricket, handball, rugby, padel or netball. While PUMA has a strong roster of global ambassadors and teams, we believe it is equally important to focus on the sports, trends, ambassadors, partners and platforms that are most relevant locally.

As part of this strategy, we empower local decision making, invest in regional creation centers in major markets, prioritize local-for-local sourcing and work with ambassadors and influencers such as Pamela Reif in Germany, Virat Kohli in India or Davido in Nigeria.

With our strategy to be flexible and service-oriented towards our retail partners, we improved the **quality of our distribution** and expanded our presence with leading sports performance and sportstyle accounts across the world. While product availability improved markedly in 2022, we prioritized our retail partners over our own Direct-to-Consumer (DTC) channels, whenever necessary. Our DTC business, which includes our owned-and-operated retail stores as well as our e-commerce business, also grew strongly in 2022. We opened new full price stores in large cities such as Singapore or Buenos Aires and rolled out our e-commerce store in the Philippines, Thailand, Peru, Norway, Saudi Arabia and several other new countries in the Middle East and Africa.

With our PUMA Shopping App, which debuted in 2022 in India, the United States, the United Kingdom and Japan, we give our most loyal consumers access to the latest PUMA products as well as exclusive services and brand content. We expect to roll out the PUMA Shopping App in additional markets in the coming quarters.

With the opening of new distribution centers and offices and our continued investment in our systems, we improved our **infrastructure** and processes in 2022. To support our future growth, we opened new warehouses around the globe, for example in Mexico, Dubai and Thailand. We made investments into a global SAP upgrade, product creation systems and additional 3D product creation capabilities. To expand our presence in local markets, we moved our teams in into new, modern offices, for example in Brazil, Chile and India.

Our sourcing strategy is based on long-term collaboration with our valued suppliers around the world. Working closely together with our sourcing partners helps us create a stable sourcing base, sell products with a consistent quality and support our future growth, while protecting us from a volatile global environment. The strong collaboration with our suppliers, who are mainly based in Asia, has contributed to a very resilient supply chain situation despite temporary lockdowns in some sourcing markets.

Our focus on **sustainability** as part of our FOREVER BETTER strategy continued as a strategic priority in 2022, as we aim to fully integrate sustainable practices into every aspect of our business. By 2025, we want to make nine out of ten products out of more sustainable materials such as certified cotton and leather or recycled polyester, compared to six out of 10 products in 2021.

We have pledged to reduce carbon emissions by what scientists say is necessary to avoid the worst consequences of climate change. In 2022, we announced that we had cut our own carbon emissions and those coming from our supply chain between 2017 and 2021, even though the business grew strongly in the same period.

To achieve this reduction, we purchased 100% renewable electricity through renewable electricity tariffs and renewable energy attribute certificates, we used more sustainable materials and made efficiency improvements at a factory level.

At our warehouse in Torrance, California, USA, for example, we started using fully electric trucks and we steadily increased the number of battery-electric and hydrogen fuel-cell vehicles in our global corporate fleet.

While more sustainable product lines such as RE:COLLECTION, which is made with recycled materials, were already on the shelves in 2022, we also educated our consumers about our experiments in recycling and biodegradability with the RE:JERSEY and RE:SUEDE projects. Our Conference of the People was also a part of this strong communication focus that is part of our strategy. Our sustainability efforts were recognized by the media, for example when Business of Fashion named PUMA the most sustainable brand in the industry or when we received the Footwear News Sustainability Leadership Award.

PRODUCT DEVELOPMENT AND DESIGN

As we have a vast archive at our disposal, our designers can take inspiration from almost 75 years of history to create fashion forward and relevant products for our customers. A prime example in 2022 was the SLIPSTREAM, which was introduced by our ambassadors Neymar Jr, Danna Paola and Romeo Beckham in June. With the SLIPSTREAM, PUMA brought back the classic design from the 1980s to make a clean and modern sneaker.

Our global ambassadors also launched their personal collections with us. Pop superstar Dua Lipa presented her second "FLUTUR" collection, which caught our customers' attention with bright colors, form-fitting looks and an aesthetic inspired by old-school rave culture.

Neymar Jr, who supported the launch of many of our products in 2022, worked with us on his first personal PUMA collection, which celebrated his home country Brazil by using a unique graphic language that took inspiration from Brazilian football, the street art of his native São Paulo and his tattoos.

We continued to invest heavily in our Performance Running and innovative NITRO technology and launched new versions of our performance football boots ULTRA and FUTURE in unisex and women's specific fits.

Together with French fashion brand AMI, we designed an exclusive collection that combined tailoring and innovative sportswear design with minimalistic branding. The collection received great media attention and positive feedback from our most influential fashion retailers.

With Palomo Spain we created a collection which explored team sports with a retro edge and merged it with Palomo's signature couture-infused, romantic and gender-neutral designs.

For our show at New York Fashion Week, we created the never-seen-before NITRO NFRNO and NITRO FASTROID sneakers for which our in-house designers pushed the creative boundaries to envision what a 3D digital sneaker could look like. It was the first time PUMA entered this far into the Web3 space, as we established the first PUMA-owned NFT which linked digital design with in-real-life physical product.

The two sneakers were linked to our NFT NitroPass and those consumers who minted a NitroPass received two NFTs – one tied to physical products and one that unlocked a customized experience linked to their chosen shoe. Following the FUTROGRADE show, minters could claim their physical sneakers by burning their product-claimed NFT.

As part of our strategy to create the right products for women, we developed a range of period underwear and activewear with Australian company Modibodi, which helps women stay active during their periods. Among our Women's footwear products, MAYZE and CALI saw the highest sales. We also expanded our successful RIDER franchise with a version for women, the KOSMO RIDER, which was promoted by social-media star and music artist Dixie D'Amelio.

We elevated our Motorsport offering with our partner Ferrari to create the premium ION F sneakers and we celebrated the 50th anniversary of the Porsche 911 RS 2.7 car with a limited edition of our classic SUEDE, which was sold out in hours.

In Basketball, a special version of LaMelo Ball's signature shoe MB.01, in collaboration with the animated series "Rick and Morty", became one of our most sought-after sneakers of 2022. Later in the year, we introduced LaMelo Ball's second signature shoe, the MB.02.

Our Accessories business presented a limited-edition headwear collection, called "Hometown Heroes", which paid homage to street culture of different eras. The launch was supported by some of our global ambassadors from Teamsport, Basketball and music.

With the launch of PUMA's padel collection, including rackets, Footwear, Apparel and Accessories, as well as the PUMA SEASONS outdoor collection, we entered new categories. This was part of an increasing number of locally developed products.

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RE:COLLECTION was a range of products with a sustainability focus for Sportstyle, Running & Training and Motorsport, which showed how recycled materials can create a unique look. Depending on the style, the products were made with between 20% and 100% recycled materials.
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Research and product development at PUMA mainly comprise the areas of innovation (new technologies), product design and model and collection development. The research and product development activities range from the analysis of scientific studies and customer surveys through the generation of creative ideas to the implementation of innovations in commercial products. The activities in research and product development are directly linked to sourcing activities.

As of December 31, 2022, a total of 1,307 people were employed in research and development/ product management (previous year: 1,136). In 2022, research and development/ product management expenses totaled € 153.1 million (previous year: € 114.5 million), of which € 82.2 million (previous year: € 61.7 million) related to research and development.

SOURCING

THE SOURCING ORGANIZATION

PUMA Group's sourcing functions, referred to as PUMA Group Sourcing (PGS), manages all sourcing related activities for PUMA and Cobra, including vendor selection, product development, price negotiation and production control. These activities are centrally managed by PUMA International Trading GmbH (PIT), the group's global trading entity, with its head office in the Corporate headquarters in Herzogenaurach (Germany). In addition, PIT is responsible for procurement and supply into the PUMA distribution channels worldwide. PIT receives volume forecasts from PUMA subsidiaries and licensees worldwide, translates these forecasts into production plans which are subsequently distributed to the referenced vendors. The PUMA subsidiaries confirm their forecasts into purchase orders to PIT, which in turn consolidates these requirements and purchases from the vendors. There is a clear buy/sell relationship between the sales-subsidiaries and PIT and between PIT and the vendors, for added transparency.

The centralization of both the sourcing and procurement functions, along with the rollout of a cloud-based purchase order collaboration and payment platform, linking the sales-subsidiaries, PIT and the vendors, has enabled the digitalization of the supply chain creating transparency, operational efficiency and reducing complexity. For example, container fill rates are optimized, foreign currency risks are managed by PIT directly via a centralized currency hedging policy, and all payments to vendors are automated and paper free.

To meet the needs of our customers in terms of service, quality, social and environmental sustainability, we focus on six core strategic pillars: partnership, product, quality, growth management, margins & acquisition costs and sustainability. The centralization of sourcing and procurement enables continuous improvements in all areas. In addition, the integration of PUMA's sustainability function into the sourcing organization ensures that industry standards, including social, environmental and chemical safety, are closely linked to all our sourcing activities.

Another key aspect in our sourcing setup since 2016 has been the PUMA Vendor Financing Program. The program allows vendors to be paid earlier. The International Finance Corporation (IFC), banking group BNP Paribas, HSBC as well as Standard Chartered offer attractive financing terms to our suppliers, which are able to maintain their own lines of credit.

At the beginning of 2022, we carried over our efforts from last year to tracking and restoring capacities at our suppliers. This had still been influenced by the COVID lockdown situation in Vietnam in summer 2021. As we saw a growing demand across all markets during the first half of this year, we focused on ensuring a stable supply of products across all divisions while taking prioritizations in alignment with our sales subsidiaries into account.

Fortunately, most sourcing countries did not experience further COVID restrictions in the course of this year, with the exception of China, where temporary production disruptions did occur – yet with an overall minor impact. We have been closely monitoring the extended logistics lead times across various markets in making sure availability of products is on time.

In view of the global macroeconomic situation, which has led to a change in our customers' ordering behavior, and the normalization of the supply chain, sourcing volumes declined in Q4. Therefore, we actively adjusted sourcing to the corresponding situation and continued to provide transparency to our sourcing partners so that they can adjust their capacities accordingly.

THE SOURCING MARKETS

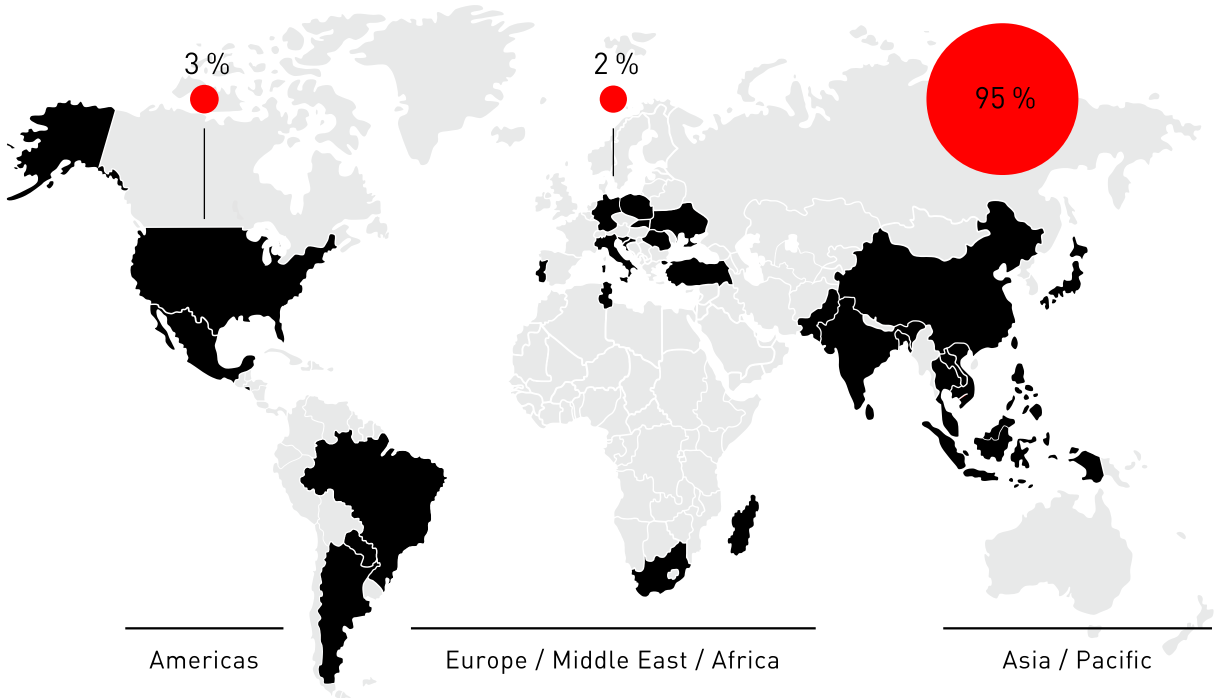
During the financial year 2022, PIT purchased from 141 independent suppliers (previous year: 129) in 27 countries worldwide. The strategic cooperation with long-term partners did not only remain to be one of the key competitive advantages, but it was also crucial in navigating through ongoing supply chain challenges of 2022.

Asia remains the strongest sourcing region overall with 95% of the total volume, followed by the Americas with 3% and EMEA with 2% (thereof Europe with 1% and Africa with 1%).

As a result, the six most important sourcing countries (93% of the total volume) are all located on the Asian continent. China became our biggest production country in 2022 with a total of 32%. It had been mainly China which compensated for the lockdown situation in Vietnam in 2021 and therefore saw a continued increase of sourcing volumes. This increase carried over to this year as reallocation effects remained. While growing in absolute volumes, Vietnam on the other hand decreased in relative terms to a total of 30%, given the repercussions of the situation in 2021. Cambodia is in third place at 13%, Bangladesh, which focusses on apparel, is in fourth place at 12%. Indonesia, with a focus on footwear production and increasing volumes for apparel, produces 4% of the total volume and is in fifth place. India is in sixth place at 3%.

Rising wage costs, fluctuating material prices, freight rates and macroeconomic developments, have continued to influence sourcing markets in 2022. Such impacts need to be taken into account in allocating the production to ensure a secure, sustainable and competitive sourcing of products. In this regard sourcing continues to extend its local supply chain initiatives for markets such as China, India, Latin America, Türkye and others. Our sourcing activities resumed with business travel to key sourcing markets in order to visit our existing partners but also evaluate new vendors and opportunities in sourcing countries like Indonesia.

↗ G.01 SOURCING REGIONS OF PUMA (in %)

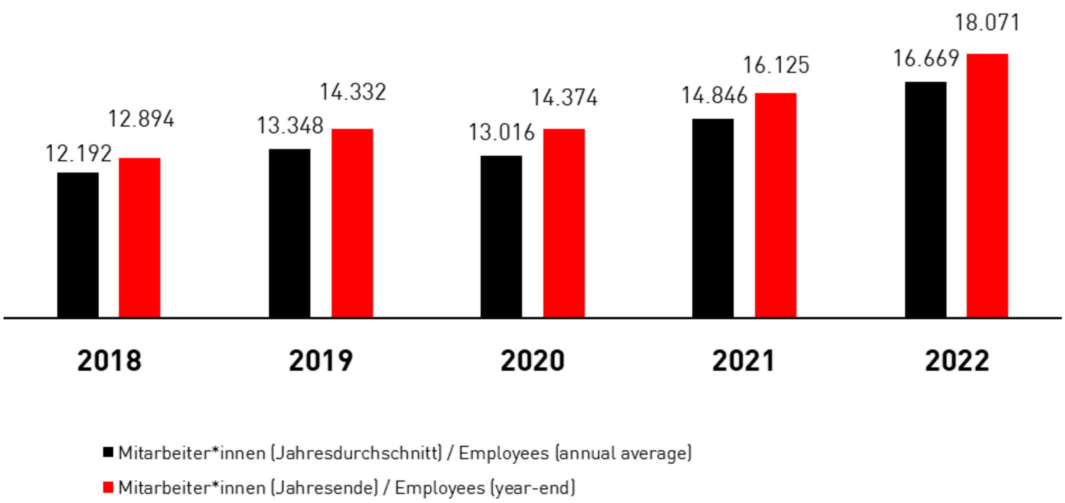


EMPLOYEES

NUMBER OF EMPLOYEES

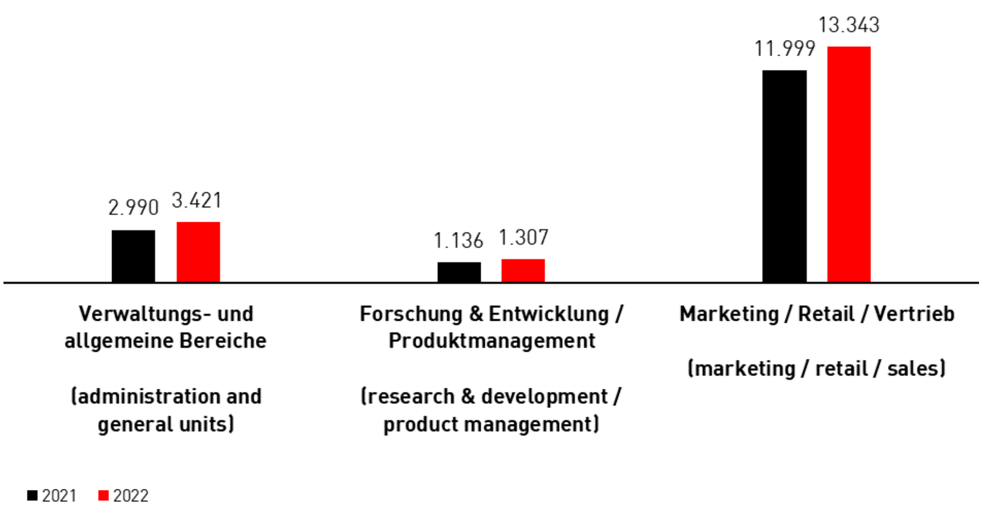
The global number of employees on a **yearly average** was 16,669 in 2022, compared to 14,846 in the previous year. Personnel expenses increased by a total of 18.8% from € 712.4 million to € 846.5 million in 2022. On average, personnel expenses per employee amounted to € 50.8 thousand, compared to € 48.0 thousand in the previous year.

↗ **G.02 CHANGES IN EMPLOYEES** (annual average / year-end)



As of **December 31, 2022**, the number of employees was 18,071, compared to 16,125 in the previous year. This corresponds to an overall increase in the number of employees of 12.1% compared to the previous year. The development in the number of employees per area is as follows:

↗ **G.03 EMPLOYEES** (Year-end)



TALENT RECRUITMENT AND DEVELOPMENT

The far-reaching social and economic consequences of the geopolitical tensions in Europe dominated 2022. Global labor turnover has increased and competition for qualified professionals and executives has intensified. To ensure that we remain competitive in this environment and to promote growth, it is essential that we retain a skilled, committed workforce in our company over the long term. We have therefore continued to focus particularly on acquiring and developing talent. As well as taking action to strengthen employee retention, this also means increasing our attractiveness as an employer worldwide and promoting diversity in our organization. These measures will make us even more resilient in the face of unpredictable external factors. As part of our strategic workforce plan, we are increasingly addressing foreign markets through our recruitment campaigns in order to reduce our dependence on demographic trends in the local labor markets.

To attract external candidates, we use digital platforms and social media, as well as our careers website, for our target-group-specific, individual, and proactive recruiting measures. Having a range of in-person and online initiatives at universities in Germany and abroad gives us the opportunity to approach potential employees and identify suitable candidates. Extensive networks of qualified applicants and candidate pools help us to quickly fill vacancies. In the competitive labor market, being an attractive employer and being perceived as such by current and potential employees are of critical importance. PUMA's attractiveness is evidenced by its top rankings as an employer and numerous awards. We are very proud of our PUMA subsidiaries across four regions (Europe, APAC, LATAM, and North America) for winning a coveted Global Top Employer award in the financial year 2022 in recognition of our outstanding corporate culture and working environment. We can now proudly call ourselves a Global Top Employer. We were also named one of the "World's Best Employers" by Forbes and a "Leader in Diversity" by the Financial Times, and awarded the "Great Place to Work" seal in numerous countries.

In 2022, we continued to move forward with the worldwide simplification, acceleration, and harmonization of our business processes and with continued digitalization. Since 2017, we have been using the "Workday" software solution for a variety of human resources processes. This software provides employees and managers with the processes and tools required for daily human resources management. In addition, easy-to-use dashboards provide managers with the information and data-driven insights they need for planning and management. The analysis of our centrally available global data provides a solid basis for strategic decisions and measurable results. In 2022, we focused particularly on continuing to analyze data through people analytics and on incorporating the results into our strategic decisions. This helps us to answer targeted questions in an evidence-based way, as well as to prepare forecasts.

We provide our employees with the opportunity to proactively advance their own professional development and to develop themselves - including in the international arena - thereby strengthening their long-term loyalty to PUMA. Based on the Workday software, a systematic succession plan is created as part of talent management in addition to performance assessment and target-setting. We identify the talent available within the Group through annual performance reviews and global talent conferences, and foster talent development based on individual development plans. This type of talent management means that we can offer our employees attractive career and development opportunities. In this reporting year, we continued to fill the majority of our key positions through internal promotions or horizontal moves around the world. This strengthens our talent management and development strategy.

The ongoing professional and personal development of our employees ensures that our workforce has the necessary expertise to guarantee continuous growth and market competence, particularly in times of high uncertainty and constant change. Workday helps us to avoid skills gaps and gain transparency about the skills available in the workforce. This issue was further analyzed and broadened in 2022, particularly with regard to the expertise that will be needed in the future. We will use the resulting findings as a basis for our recruiting activities and for designing new training courses as part of our strategic workforce plan.

The range of training that we provide includes a number of online and offline training courses and workshops, which are either standardized or tailored to individual needs. "LinkedIn Learning" and "Good Habitz" provide our employees with access to around 20,000 different training courses. They also have a wide range of learning categories to choose from for self-directed personal and professional development. This year, we focused particularly on the topics of mental well-being, resilience, and mindfulness, providing our employees with a wide range of services to best support them in dealing with the increased mental strain that can often arise in this politically and economically difficult environment.

We focused more on language training in 2022, and acquired a global Busuu license covering 13 languages. This gives all our employees, including retail employees, the opportunity to learn a new language online under their own guidance and in line with their needs. Qualified trainers support learners through live lessons. Learning can be flexible through the app, but it can also be done in contact with people. Speaking another language produces mutual understanding, creates connections, and enhances diversity. It also promotes internal mobility. For this reason, there is a significant global focus on English. Employees can also learn or improve another language, even for personal reasons. This project secured the eLearning AWARD 2023 in the "Best Roll-Out Project" category. We further expanded the Digital Agile Coach programs that we offer to various target groups.

With a range of dual-study programs and apprenticeships, as well as study-related internships, we offer adequate entry-level and development opportunities for talented individuals at all levels.

We offer our managers numerous training and development opportunities. All managers worldwide complete our internal global leadership training program, consisting of the ILP (International Leadership Program) and ILP² seminar series. The program ensures a uniform understanding of leadership at PUMA and promotes development among participants over the longer term. It offers intensive training and coaching, including interactive learning, role play simulations, and best practice learning, as well as joint projects. The key topics include coaching, mindful leadership, and agile working methods. The PUMA Leadership Expedition training program aims to empower our managers to lead effectively in the VUCA world (VUCA is an acronym for volatile, uncertain, complex, and ambivalent). The program is completely virtual, easily accessible, and designed as a self-directed and tailor-made learning format. It includes self-selected virtual training sessions with a trainer, regular communication with other international participants in smaller working groups, and coached sessions, as well as individual learning sprints and check-ins with the trainers. This innovative training program received the eLearning AWARD 2023 in the "Agile Learning" category.

Our training from employee to manager is intended to prepare employees who are taking on a management position for the first time specifically for their new role. In addition to the training module, the program also offers individual coaching.

Our personnel development programs "Speed Up" and "Speed Up²" target employees at different hierarchal levels. Various groups consisting of top talent receive intensive preparation for the next step in their careers by taking on interdisciplinary projects and tasks, targeted training courses, mentoring, and coaching, as well as job rotations. Increased visibility to upper management, the creation of cross-functional collaborations, and establishing a strong network are also important components of this program.

Feedback from our employees is very important to us. Our "listening strategy" includes various ways of providing feedback and aims to record the sentiments of our employees and to understand their concerns and needs. We collect their feedback and ideas through surveys, pulse surveys, focus groups, interviews, and sentiment analyses. We do this using systems such as Amber and Workday. The feedback we receive encourages us to continue with the measures that we are implementing and to expand on them. The next global employee survey is planned to take place in 2023.

WORKS COUNCIL

Our trust-based, constructive collaboration with the Works Councils is an important part of our corporate culture. In 2022, the European Works Council of PUMA SE represented employees from 13 European countries and had 16 members. The German Works Council of PUMA SE was made up of 17 members and represented the employees of the PUMA Group in Germany. A designated member of the Works Council in Germany represents the interests of employees with disabilities.

COMPENSATION

We at PUMA offer our employees a targeted and competitive compensation system, which consists of several components. In addition to a fixed base salary, the PUMA bonus system, profit-sharing programs, and various social benefits form part of an attractive and performance-based compensation system. In addition, we offer our employees comprehensive services in the areas of further development, employee motivation, health management, and well-being. We also offer long-term incentive programs for the senior management level that honor the sustainable development and performance of the business. The bonus system is transparent and globally standardized. Incentives are exclusively linked to company goals.
L

MANAGEMENT SYSTEM

We use a variety of **indicators to manage** our performance in relation to our top corporate goals. We have defined **growth and profitability as key targets** within finance-related areas. Our focus therefore is on improving sales and operating result (EBIT). These are the most significant financial performance indicators. Moreover, we aim to minimize working capital and improve free cash flow. Our Group's **Planning and Management System** has been designed to provide a variety of instruments in order to assess current business developments and derive future strategy and investment decisions. This involves the continuous monitoring of key financial indicators within the PUMA Group and a monthly comparison with budget targets. Any deviations from the targets are analyzed in detail and appropriate countermeasures are taken in the event such deviations have a negative impact.

Changes in sales are also influenced by **currency exchange effects**. This is why we also state any changes in sales in Euro, the reporting currency, adjusted for currency exchange effects in order to provide information that is relevant to the decision-making process when assessing the revenue position. Currency-adjusted sales are used for comparison purposes and are based on the values that would arise if the foreign currencies included in the consolidated financial statements were not translated at the average rates for the previous reporting year, but were instead translated at the corresponding average rates for the current year. As a result, currency-adjusted figures are not to be regarded as a substitute or as superior financial indicators, but should instead always be regarded as additional information.

We use the indicator **free cash flow** in order to determine the change in cash and cash equivalents after deducting all expenses incurred to maintain or expand the organic business of the PUMA Group. Free cash flow is calculated from the cash flow from operating activities and investment activities. We also use the indicator **free cash flow before acquisitions**, which goes beyond free cash flow and includes an adjustment for incoming and outgoing payments that are associated with shareholdings.

We use the indicator **working capital** in order to assess the financial position. Working capital is essentially the difference between current assets - including in particular inventories and trade receivables - and current liabilities. Cash and cash equivalents, the positive and negative market values of derivative financial instruments and current finance and lease liabilities are not included in working capital.

Non-financial performance indicators are of secondary importance at PUMA.

The calculation of the key financial control parameters that PUMA uses is defined as follows:

The recognition of sales is based on the provisions of IFRS 15 Revenue from contracts with customers.

PUMA's gross profit is calculated as sales minus cost of sales. Cost of sales mainly comprise the carrying amounts of inventory that were recognized as expenses during the reporting period. The gross profit margin is calculated as gross profit divided by sales.

PUMA's operating result (EBIT) is the sum of sales and royalty and commission income, minus cost of sales and other operating income and expenses (OPEX). EBIT is defined as operating result, less depreciation and amortization, provisions and impairment loss, before interest (= financial result) and before taxes. The financial result includes interest income and interest expenses as well as currency conversion differences. The EBIT margin is calculated as EBIT divided by sales.

PUMA's working capital is calculated based on the sum of current assets less the sum of current liabilities. In addition, cash and cash equivalents and positive and negative market values of derivative financial instruments are deducted. The market values of derivative financial instruments are recognized in the balance sheet in the items Other Current Assets and Other Current Liabilities not attributable to working capital. Current financial and lease liabilities are also not part of working capital.

We also use the EBITDA indicator, which represents the operating result before interest (= financial result), taxes and depreciation and amortization, to assess the results of operations. EBITDA is calculated based on the operating result (EBIT) adding depreciation and amortization, which may also contain any incurred impairment expenses relating to non-current assets. The EBITDA margin is calculated as EBITDA divided by sales.

INFORMATION REGARDING THE NON-FINANCIAL REPORT

In accordance with Sections 289b and 315b of the German Commercial Code (Handelsgesetzbuch - HGB), we are required to make a non-financial declaration for PUMA SE and the PUMA Group within the Combined Management Report or present a non-financial report external to the Combined Management Report, in which we report on environmental, social and other non-financial aspects. PUMA has been publishing Sustainability Reports since 2003 under the provisions of the Global Reporting Initiative (GRI) and since 2010 has published financial data and key sustainability indicators in one report. In this context, we report the information required under Sections 289b and 315b of the HGB in the Sustainability chapter of our Annual Report. The Non-financial Report for the financial year 2022 will be available by April 30, 2023, at the latest on the following page of our website:
https://about.PUMA.com/en/investor-relations/financial-reports

Furthermore, important sustainability information can always be found in the Sustainability section on PUMA's website: http://about.PUMA.com/en/sustainability

ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

GLOBAL ECONOMY

According to the winter forecast of the Kiel Institute for the World Economy (IfW Kiel) dated December 21, 2022, the global economy weakened over the course of 2022 under the burden of high energy prices and great uncertainty. Monetary policy was rapidly tightened in view of widespread high inflationary pressure and is now also slowing growth of the global economy. The experts at IfW Kiel expect global gross domestic product (GDP) to have risen by a total of 3.2% for the past financial year 2022. Positive stimulus came from easing supply bottlenecks and the continuing normalization of activity in the sectors hit hardest by the COVID-19 pandemic. However, economic momentum dropped off noticeably toward the end of the year. At the end of 2022, the major developed economies in particular were in a phase of weak economic development, despite significant fiscal support measures. In emerging markets, economic growth is robust. In China, however, the economic situation continues to be burdened primarily by COVID-19 and also by problems in the real estate sector.

SPORTING GOODS INDUSTRY

Despite the operational challenges, the sporting goods industry was able to build on its growth of previous financial years in 2022. During the year, for example, the problematic freight situation, especially in the first half of the year, with high freight rates, inadequate capacity and overloaded ports, contributed to limited product availability. In contrast, the sporting goods industry benefited from robust consumer spending, especially in Western countries. However, due to the ongoing challenges in the supply chain, the industry was not always able to meet the increasing demand.

The major sporting events held in 2022, such as the Olympic Winter Games in Beijing and the Football World Cup in Qatar, had a positive effect on the sporting goods industry. Moreover, as a result of the COVID-19 pandemic, more sporting activity and an increasingly healthy and sustainable lifestyle, continued to gain in importance for an ever-increasing proportion of the world's population. Among other things, this resulted in the increased popularity of athletic footwear and leisure/athletic apparel as an integral part of everyday fashion ("athleisure").

SALES DEVELOPMENT

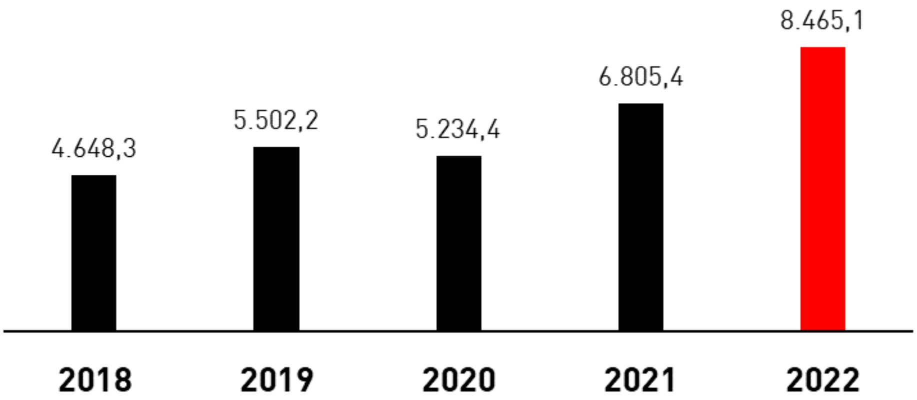
ILLUSTRATION OF SALES DEVELOPMENT IN 2022 COMPARED TO THE OUTLOOK

PUMA's 2021 Combined Management Report had forecasted a currency-adjusted growth in sales of at least ten percent for the financial year 2022. This forecast was increased during the year and at the end of the third quarter, PUMA expected currency-adjusted sales growth in the mid-teen percentage range for financial year 2022. Thanks to continued brand momentum, successful product launches and a strong focus on flexibility in business operations, PUMA was able to outperform the adjusted outlook for the full-year 2022, significantly exceeding the original sales target of currency-adjusted sales growth of at least ten percent. More details on sales development in the financial year 2022 are provided below.

SALES

PUMA's sales in the reporting currency, the euro, increased by 24.4% to € 8,465.1 million in the financial year 2022 (previous year: € 6,805.4 million). Currency-adjusted sales increased by 18.9%. Despite geopolitical tensions and lockdown measures, in 2022 PUMA was thus able to build on its strong currency-adjusted sales growth of +31.7% from the previous year.

↗ **G.04 SALES** (€ million)

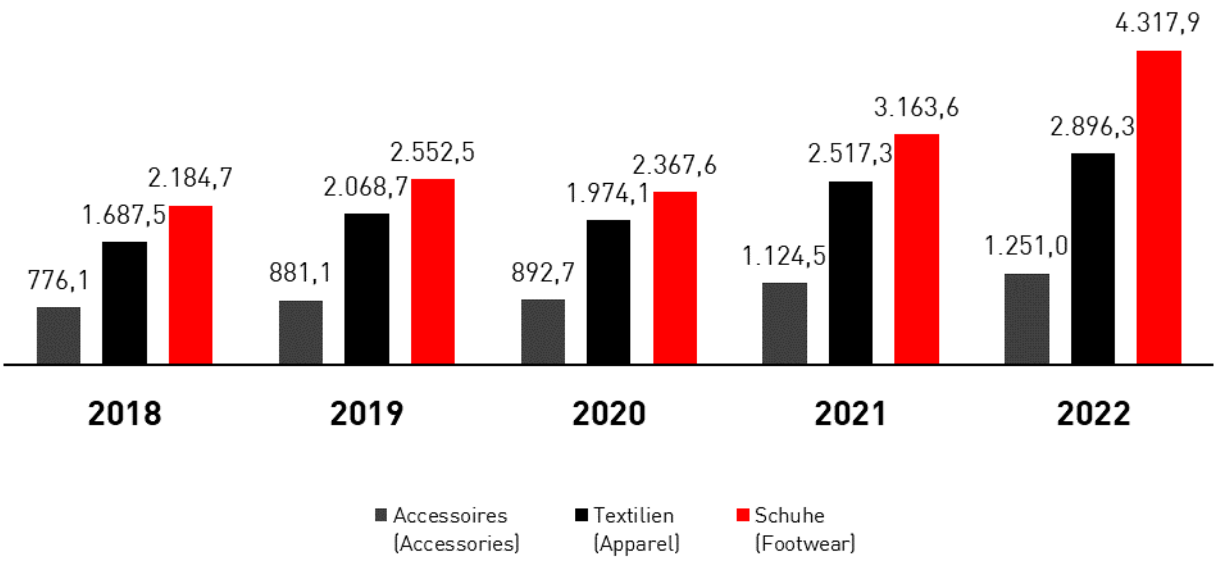


In the **Footwear** product segment, sales in the reporting currency, the euro, rose by 36.5% to € 4,317.9 million. This was the first time that Footwear had surpassed the € 4 billion sales mark. Adjusted for currency effects, sales increased by 30.8%. The strongest growth was achieved in the Sportstyle, Running & Training and Teamsport categories. The share of the Footwear division in total sales rose from 46.5% in the previous year to 51.0% in 2022.

Sales in the **Apparel** division in the reporting currency, the euro, increased by 15.1% to € 2,896.3 million. Currency-adjusted sales grew by 10.1%. The increase in sales was mainly due to higher sales in the Teamsport, Running & Training and Sportstyle categories. The share of the Apparel division decreased to 34.2% of Group sales (previous year: 37.0%).

The **Accessories** division recorded an 11.2% growth in sales in the reporting currency, the euro, to € 1,251.0 million, equivalent to currency-adjusted sales growth of 5.4%. Higher sales in the Teamsport category and with bags, caps and Cobra golf clubs contributed to this development. The division's share of Group sales declined from 16.5% in the previous year to 14.8% in 2022.

↗ **G.05 SALES BY PRODUCT DIVISIONS** (€ million)



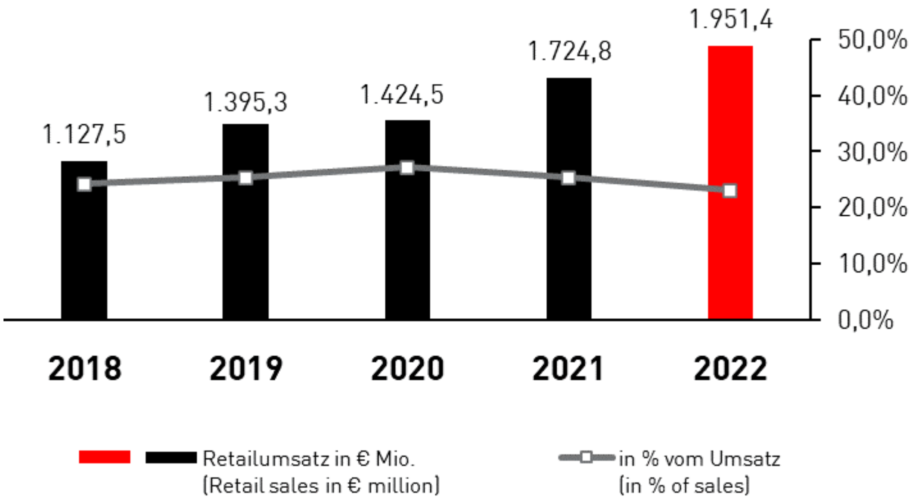
DIRECT-TO-CONSUMER BUSINESSES

PUMA's own retail activities include direct sales to our consumers ("Direct-to-consumer business"). This includes selling to our customers in PUMA's own retail stores, the so-called "Full Price Stores" and "Factory Outlets." Our e-commerce business on our own online platforms and on the platforms of online retailers, which we refer to as "marketplaces," is also part of the direct sales to our consumers. Our own retail businesses ensure regional availability of PUMA products and the presentation of the PUMA brand in an environment suitable to our brand positioning.

PUMA's direct-to-consumer sales increased by 7.8% currency-adjusted to € 1,951.4 million in the financial year 2022. This corresponds to a share of 23.1% of total sales (previous year: 25.3%). The declining share of total sales is due in particular to the fact that we allocated more goods to our wholesale partners at a time of limited product availability. Adjusted for currency effects, sales in PUMA's own full-price stores and factory outlets increased by 11.0% in 2022. In the e-commerce business, sales increased by 2.2% in 2022, adjusted for currency effects. This development reflects the fact that consumers still value the shopping experience in retail stores, following a shift in consumer shopping behavior toward increased online shopping as a result of the COVID-19 pandemic. Notwithstanding, our e-commerce activities were particularly successful on special days in the online business, such as Singles' Day in China on November 11, the world's largest online shopping day, as well as on Black Friday on November 25 and Cyber Monday on November 28.

We expanded our e-commerce business in 2022. We also launched new online platforms in the Philippines, Thailand, Peru, Norway, Saudi Arabia and other countries in the Middle East and Africa. We also launched the PUMA shopping app in 2022. The shopping app is intended to provide our most loyal customers with access to the latest PUMA products, exclusive services and brand content in India, the USA, Great Britain and Japan.

↗ G.06 DIRECT-TO-CONSUMER SALES



LICENSING BUSINESS

PUMA grants licenses to independent partners for various product divisions, such as watches, glasses, safety shoes, workwear and gaming accessories. In addition to design, development and manufacture, these companies are also responsible for product distribution. Income from license agreements also includes some distribution licenses for different markets. PUMA's royalty and commission income increased by 41.6% to € 33.8 million in the financial year 2022 (previous year: € 23.9 million). The main reason for the increase was essentially the good business development in the Motorsport division, after Formula 1 fans returned to racetracks this year.

REGIONAL DEVELOPMENT

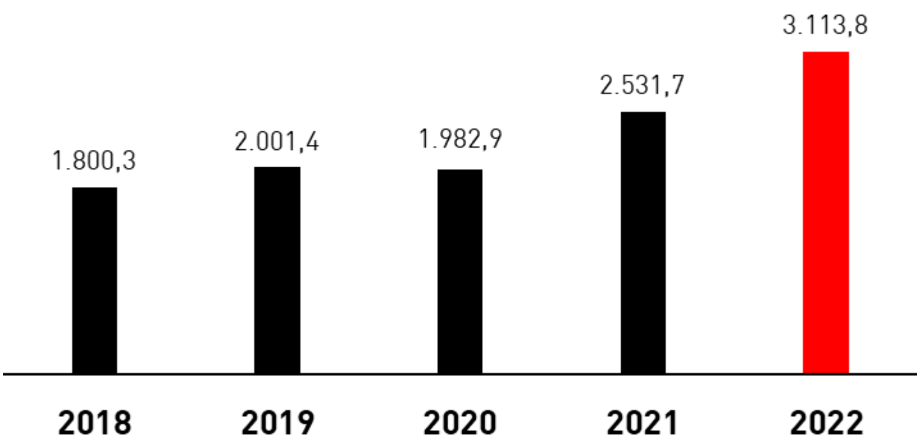
In the following explanation of the regional distribution of sales, the sales are allocated to the customers' actual region ("customer site"). It is divided into three geographical regions (EMEA, Americas and Asia/Pacific).

PUMA's sales in the reporting currency, the euro, increased by 24.4% in the financial year 2022. This corresponds to a currency-adjusted sales increase of 18.9% compared to the previous year. The growth was mainly due to strong sales development in the EMEA and Americas regions, which each posted double-digit growth rates. In contrast, sales in the Asia/Pacific region remained almost at the previous year's level.

In the **EMEA** region, sales in the reporting currency, the euro, increased by 23.0% to € 3,113.8 million, thus exceeding the € 3 billion mark for the first time in this region. This represents a currency-adjusted sales increase of 22.5%. Almost all countries in the region, with the exception of Russia and Ukraine, contributed to this development with double-digit growth rates. Particularly strong growth came from Germany, France, Italy and Turkey. In terms of Group sales, the share of the EMEA region nevertheless decreased slightly from 37.2% in the previous year to 36.8% in 2022.

With regard to product divisions, sales revenue from Footwear recorded a currency-adjusted increase of 33.9%. Currency-adjusted sales of apparel increased by 15.6%. Currency-adjusted sales of accessories rose by 10.9%.

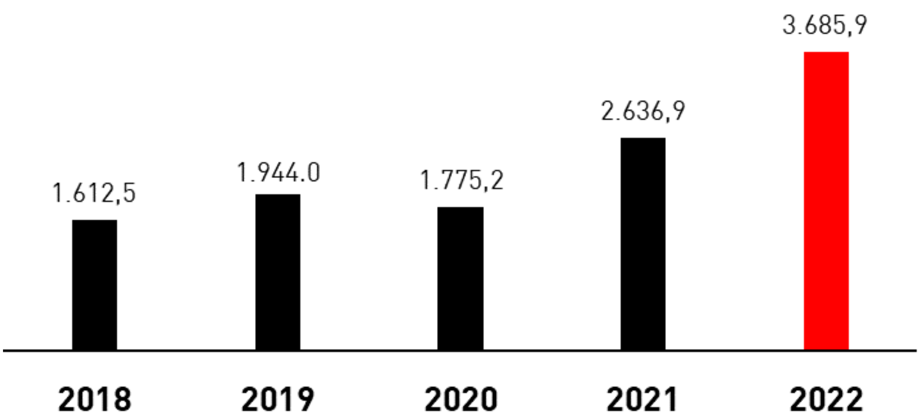
↗ **G.07 EMEA SALES** (€ million)



In the **Americas** region, sales in the reporting currency, the euro, increased by 39.8% to € 3,685.9 million, thus exceeding the € 3 billion mark for the first time in this region. Currency-adjusted sales increased by 28.3%. Latin America in particular suffered negative exchange rate effects, as the weakness of the Argentine peso against the euro had a significant negative impact on sales in Latin America denominated in the reporting currency, the euro. Due to the strong growth in sales, the Americas region's share of Group sales rose to 43.5% in 2022 (previous year: 38.7%).

In terms of product divisions, both footwear (+42.8% currency-adjusted) and apparel (+22.3% currency-adjusted) recorded particularly strong year-on-year sales growth. Revenues in the Accessories division increased slightly by 0.8%, adjusted for currency effects.

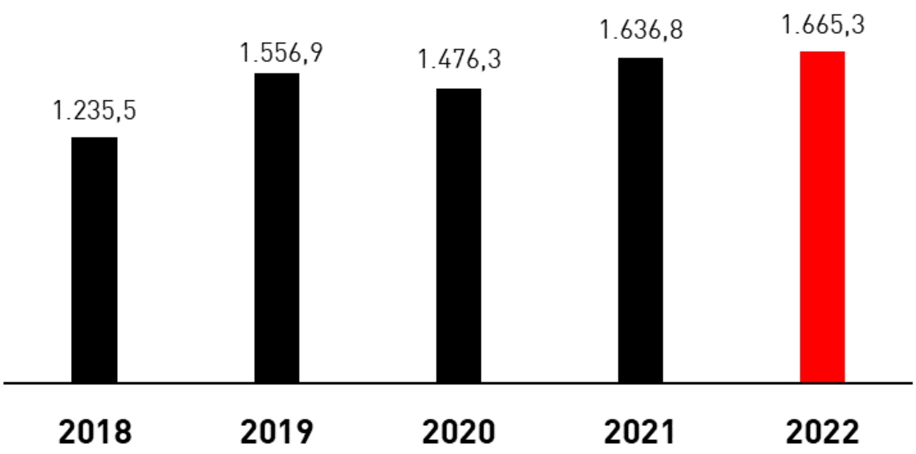
↗ **G.08 AMERICAS SALES** (€ million)



In the **Asia/Pacific** region, sales in the reporting currency, the euro, declined by 1.7% to € 1,665.3 million. Adjusted for currency effects, however, this corresponds to a decrease in sales of 2.2%. While sales in Greater China declined in 2022 due to the difficult market environment, India, Japan and Singapore, among others, recorded significant sales growth. The Asia/Pacific region's share of Group sales decreased from 24.1% in the previous year to 19.7% in 2022.

Looking at the product divisions, currency-adjusted sales of footwear increased by 4.9%. In the case of Apparel, currency-adjusted sales fell by 10.8% and the Accessories product division recorded currency-adjusted sales growth of 4.8%.

↗ **G.09 ASIA/PACIFIC SALES** (€ million)



RESULTS OF OPERATIONS

↗ T.01 INCOME STATEMENT

	2022		2021		
	€ million	%	€ million	%	+/- %
Sales	**8,465.1**	100.0%	**6,805.4**	100.0%	24.4%
Cost of sales	-4,562.3	-53.9%	-3,547.6	-52.1%	28.6%
Gross profit	**3,902.7**	46.1%	**3,257.8**	47.9%	19.8%
Royalty and Commission Income	33.8	0.4%	23.9	0.4%	41.6%
Other Operating Income and Expenses	-3,295.9	-38.9%	-2,724.6	-40.0%	21.0%
Operating result (EBIT)	**640.6**	7.6%	**557.1**	8.2%	15.0%
Financial Result	-88.9	-1.1%	-51.8	-0.8%	71.7%
Earnings before taxes (EBT)	**551.7**	6.5%	**505.3**	7.4%	9.2%
Taxes on income	-127.4	-1.5%	-128.5	-1.9%	-0.9%
Tax rate	23.1%		25.4%		
Net earnings attributable to non-controlling interests	-70.9	-0.8%	-67.2	-1.0%	5.5%
Net earnings attributable to shareholders of PUMA SE	**353.5**	4.2%	**309.6**	4.5%	14.2%
Weighted average shares outstanding (million)	149.65		149.59		0.0%
Weighted average shares outstanding, diluted (million)	149.66		149.60		0.0%
Earnings per share in €	2.36		2.07		14.1%
Earnings per share, diluted in €	2.36		2.07		14.1%

ILLUSTRATION OF EARNINGS DEVELOPMENT IN 2022 COMPARED TO THE OUTLOOK

In the outlook in the combined management report for 2021, PUMA forecast an operating result (EBIT) in the range between € 600 million and € 700 million for the financial year 2022 (2021: € 557 million) and net earnings to improve correspondingly. Thanks to continued brand momentum, successful product launches and a strong focus on flexibility in business operations, PUMA was able to set a new record in terms of operating result and achieve the earnings forecast for 2022 as a whole.

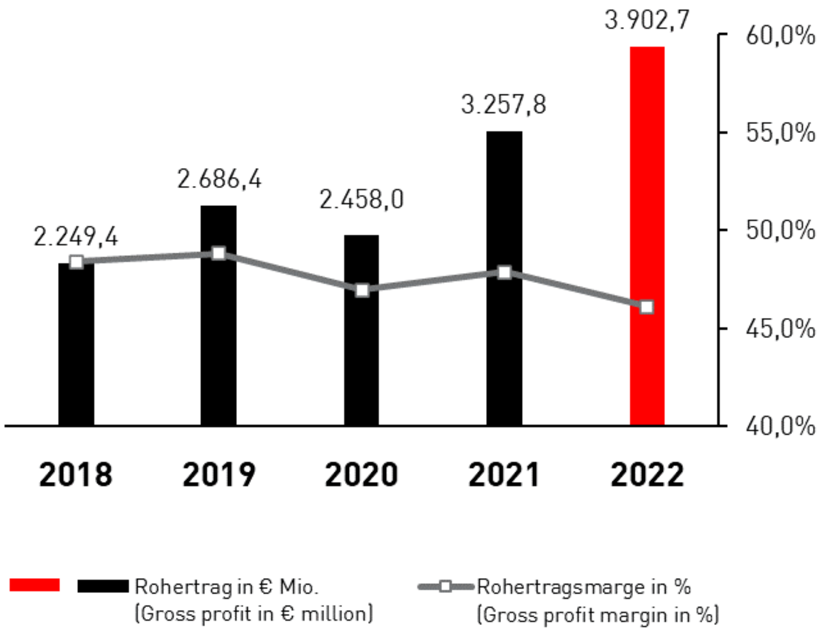
More details on earnings development in the financial year under review are provided below.

GROSS PROFIT MARGIN

PUMA's gross profit in the financial year 2022 rose by 19.8% from € 3,257.8 million to € 3,902.7 million. The gross profit margin, however, declined by 180 basis points from 47.9% to 46.1%. This development was due to higher sourcing prices due to raw materials and cost increases for incoming freight, a less favorable regional and distribution channel mix and, toward the end of the year, a promotional market environment with higher promotional activities. These negative effects were only partially offset by price adjustments and currency effects.

The gross profit margin in the Footwear division decreased from 47.3% in the previous year to 44.9% in 2022. The gross profit margin for Apparel declined from 48.9% to 47.3%. In contrast, the gross profit margin for Accessories rose from 47.1% to 47.4%.

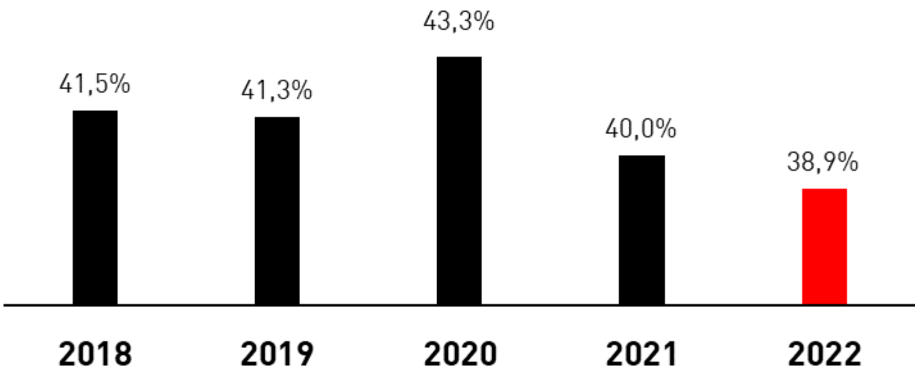
↗ G.10 GROSS PROFIT/GROSS PROFIT MARGIN



OTHER OPERATING INCOME AND EXPENSES

Net expenses from other operating income and expenses (OPEX) increased by 21.0% from a total of € 2,724.6 million in the previous year to € 3,295.9 million in the financial year 2022. Higher expenses for marketing, a higher number of own retail stores, higher sales-related distribution and warehousing costs as well as operational inefficiencies due to the ongoing negative impact of the COVID-19 pandemic contributed to this development. Meanwhile, continued cost control resulted in a significantly weaker increase in other operating income and expenses compared to sales growth. The operating leverage achieved is also reflected in the decrease in the expense ratio from 40.0% in the previous year to 38.9% in 2022, which contributed significantly to the improvement in the operating result in the financial year 2022.

↗ **G.11 OPERATING EXPENSES** (as a % of sales)



Within sales expenses, marketing/retail expenses increased by 20.6% to € 1,578.5 million, while the cost ratio was 18.6% of sales in 2022, compared with a cost ratio of 19.2% in the previous year. Other sales expenses, which mainly include sales-related costs and costs for warehousing and logistics, increased by 22.3% to € 1,098.7 million. The cost ratio of other sales expenses decreased to 13.0% of sales in 2022 compared to a cost ratio of 13.2% in the previous year.

Research and development/product management expenses increased by 33.7% to € 153.1 million compared to the previous year and the cost ratio rose slightly to 1.8%. Other operating income in the past financial year amounted to € 0.1 million. General and administrative expenses increased by 15.0% to € 465.8 million in 2022. The cost ratio of general and administrative expenses declined to 5.5% of sales in 2022. Depreciation and amortization is included in the relevant costs and total € 332.8 million (previous year: € 287.3 million). In addition, the respective costs include impairment losses relating to right-of-use assets totaling € 26.0 million (previous year: € 18.5 million).

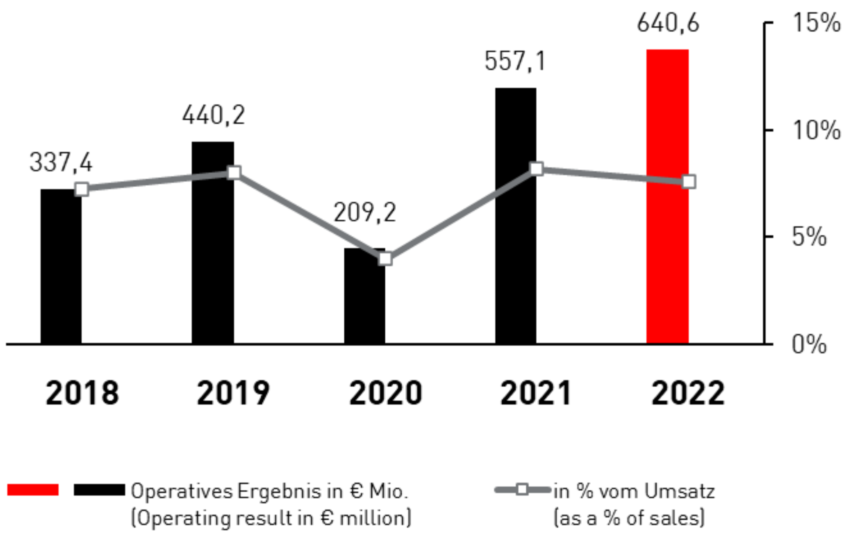
RESULT BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

The result before interest (= financial result), taxes, depreciation and amortization (EBITDA) increased by 15.8%, from € 862.8 million to € 999.3 million, in the financial year 2022. The EBITDA margin, however, declined from 12.7% in the previous year to 11.8% in 2022.

OPERATING RESULT (EBIT)

In the financial year 2022, the operating result increased by 15.0% from € 557.1 million in the previous year to € 640.6 million. The improvement in the operating result in the financial year 2022 was attributable to the strong sales growth combined with a smaller increase in other operating income and expenses compared to sales growth. However, due to the development of the gross profit margin, the EBIT margin declined from 8.2% in the previous year to 7.6% in 2022.

↗ **G.12 OPERATING RESULT – EBIT**



FINANCIAL RESULT

The financial result decreased in 2022 from a total of € -51.8 million in the previous year to € -88.9 million. Despite the improvement of the interest result (the net total of interest income and interest expenses) in 2022 to € 17.7 million (previous year: € -1.0 million) above all the hyperinflation effect in relation to expenses of € 27.8 million, higher expenses from interest-rate components in connection with forward exchange contracts ("swap points") in the amount of € -22.8 million (previous year: € -9.7 million) and the increase in interest expenses from lease liabilities to € -38.6 million (previous year: € -31.5 million) led to a decline in the financial result. Expenses from foreign currency translation differences amounted to € - 2.2 million in 2022 compared with € -9.0 million in the previous year.

EARNINGS BEFORE TAXES (EBT)

In the financial year 2022, PUMA generated earnings before taxes of € 551.7 million. This represents a significant year-on-year increase of 9.2% (€ 505.3 million). Tax expenses remained almost constant and amounted to € 127.4 million compared with € 128.5 million in the previous year. Accordingly, the tax rate declined from 25.4% to 23.1% in 2022.

NET EARNINGS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Net earnings attributable to non-controlling interests relate to companies in the North American market, in each of which the same shareholder holds a minority stake. The earnings attributable to these interests increased by 5.5% to € 70.9 million in the 2022 financial year (previous year: € 67.2 million). The companies affected are PUMA United North America, PUMA United Aviation North America and PUMA United Canada. The business purpose of these companies is mainly the sale of socks, bodywear, accessories and children's apparel in the North American market.

CONSOLIDATED NET EARNINGS

Net earnings improved by 14.2% from € 309.6 million to € 353.5 million in the 2022 financial year, representing the highest consolidated net earnings in PUMA's corporate history to date. The increase in consolidated net earnings was mainly the result of strong growth in sales combined with the operating leverage achieved. In contrast, the decline of the gross profit margin and the declining financial result in 2022 had a negative effect on the development of consolidated net earnings.

Earnings per share and diluted earnings per share increased from € 2.07 in the previous year to € 2.36 in the financial year 2022, in line with the development of the consolidated net earnings.

DEVELOPMENT OF THE INDIVIDUAL SEGMENTS

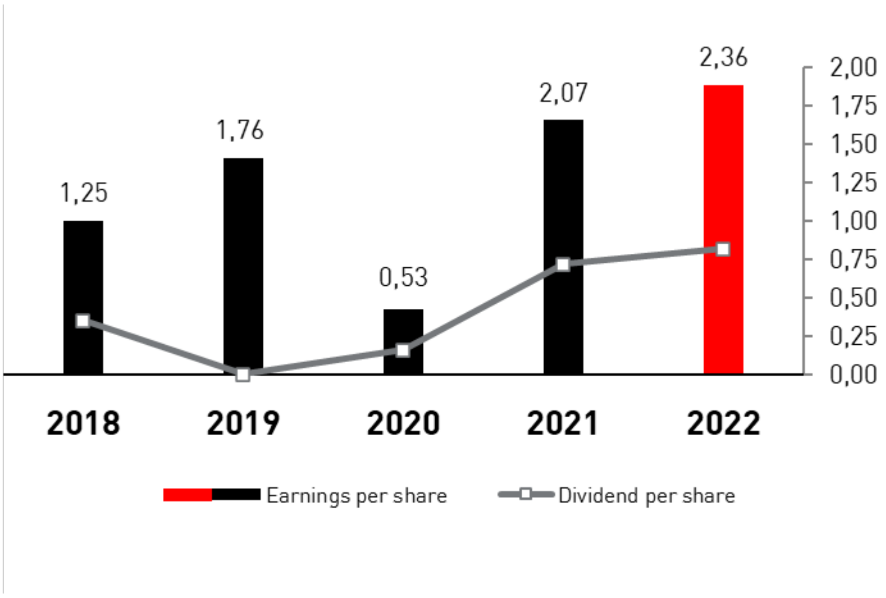
Internal management of the PUMA Group is carried out across seven segments (Europe, EEMEA, North America, Latin America, Greater China, Asia/Pacific (excluding Greater China) and stichd), based on the registered office of the respective subsidiaries. The differences from the presented regional development of sales are essentially down to the separated "stichd" segment and India and Southeast Asia, which are allocated to the EEMEA segment.

The operating segments developed in line with the trends already discussed. The exception was the Greater China segment, where sales and operating result declined due to the geopolitical tensions and COVID-19-related restrictions. Sales in the Asia/Pacific segment (excluding Greater China) rose in the low double-digit percentage range due to the comparatively strong growth in Japan. Sales in the stichd segment rose in the mid-double-digit percentage range in the financial year 2022 due to a very positive development in the Fanwear range. In the North America segment, despite significantly increased sales, there was only a slight increase in the operating result due to higher promotional activities.

DIVIDENDS

Based on the positive net earnings, the Management Board and the Supervisory Board propose to the Annual General Meeting on May 24, 2023, that a dividend of € 0.82 per share be paid out from retained earnings of PUMA SE for the financial year 2022. The payout ratio for financial year 2022 is 34.7% of consolidated net earnings. This is in accordance with PUMA SE's dividend policy, which foresees a payout ratio of 25% to 35% of consolidated net earnings according to IFRS. The payment of the dividend is to take place in the days after the Annual General Meeting at which the decision is made on the payout. In the previous year, a dividend of € 0.72 per share was paid out and the payout ratio was 34.8% of consolidated net earnings.

↗ G.13 EARNINGS/DIVIDEND PER SHARE (in €)



NET ASSETS AND FINANCIAL POSITION

↗ T.02 BALANCE SHEET

	12/31/2022		12/31/2021		
	€ million	**%**	**€ million**	**%**	**+/- %**
Cash and Cash Equivalents	463.1	6.8%	757.5	13.2%	-38.9%
Inventories *	2,245.1	33.1%	1,492.2	26.1%	50.4%
Trade receivables *	1,064.9	15.7%	848.0	14.8%	25.6%
Other Current Assets *	304.1	4.5%	268.7	4.7%	13.1%
Other Current Assets	123.2	1.8%	123.3	2.2%	-0.1%
Current assets	**4,200.4**	62.0%	**3,489.8**	60.9%	20.4%
Deferred taxes	295.0	4.4%	279.9	4.9%	5.4%
Right-of-use assets	1,111.3	16.4%	940.5	16.4%	18.2%
Other non-current assets	1,166.0	17.2%	1,018.0	17.8%	14.5%
Non-current assets	**2,572.3**	38.0%	**2,238.4**	39.1%	14.9%
Total assets	**6,772.7**	100.0%	**5,728.3**	100.0%	18.2%
Current financial liabilities	75.9	1.1%	68.5	1.2%	10.8%
Trade payables *	1,734.9	25.6%	1,176.5	20.5%	47.5%
Other current liabilities *	792.3	11.7%	704.6	12.3%	12.5%
Current lease liabilities	200.2	3.0%	172.4	3.0%	16.1%
Other current liabilities	39.7	0.6%	42.6	0.7%	-6.7%
Current liabilities	**2,843.0**	42.0%	**2,164.5**	37.8%	31.3%
Deferred taxes	42.0	0.6%	48.8	0.9%	-14.0%
Pension provisions	22.4	0.3%	31.9	0.6%	-30.0%
Non-current lease liabilities	1,030.3	15.2%	851.0	14.9%	21.1%
Other non-current liabilities	296.2	4.4%	353.5	6.2%	-16.2%
Non-current liabilities	**1,390.9**	20.5%	**1,285.3**	22.4%	8.2%
Equity	**2,538.8**	37.5%	**2,278.5**	39.8%	11.4%
Total liabilities and equity	**6,772.7**	100.0%	**5,728.3**	100.0%	18.2%

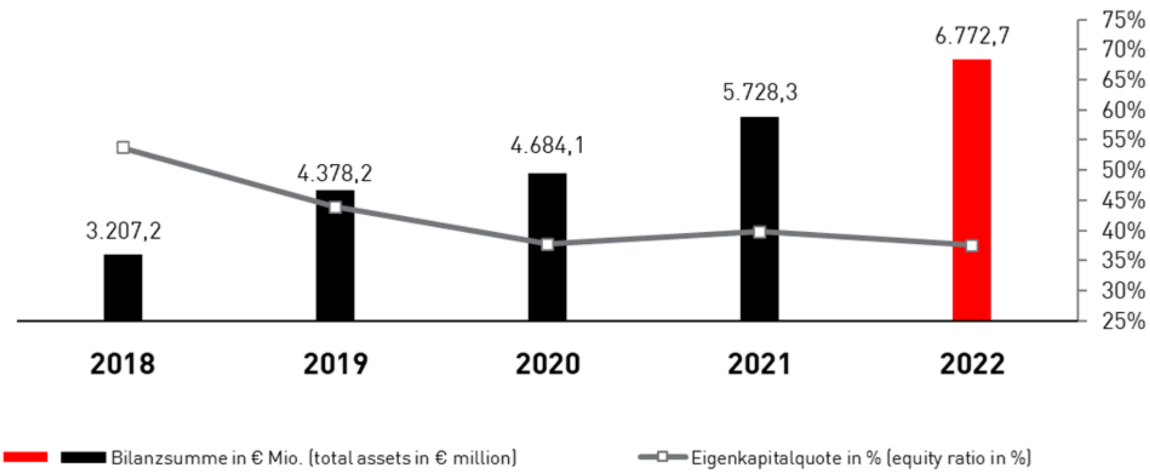
Working capital	**1,086.8**		**727.9**		49.3%
– in % of sales	12.8%		10.7%		

* included in working capital

EQUITY RATIO

PUMA has a very solid capital base. As of the balance sheet date, the equity of the PUMA Group increased by 11.4%, from € 2,278.5 million in the previous year to € 2,538.8 million as of December 31, 2022. In addition to the positive consolidated net earnings, the positive other comprehensive income of € 8.2 million directly recorded in equity also contributed to the increase in equity. As at the balance sheet date, total assets increased by 18.2% from € 5,728.3 million in the previous year to € 6,772.7 million. Overall, this resulted in a decline in the equity ratio by 2.3 percentage points from 39.8% in the previous year to 37.5% as of December 31, 2022.

↗ G.14 TOTAL ASSETS/EQUITY RATIO



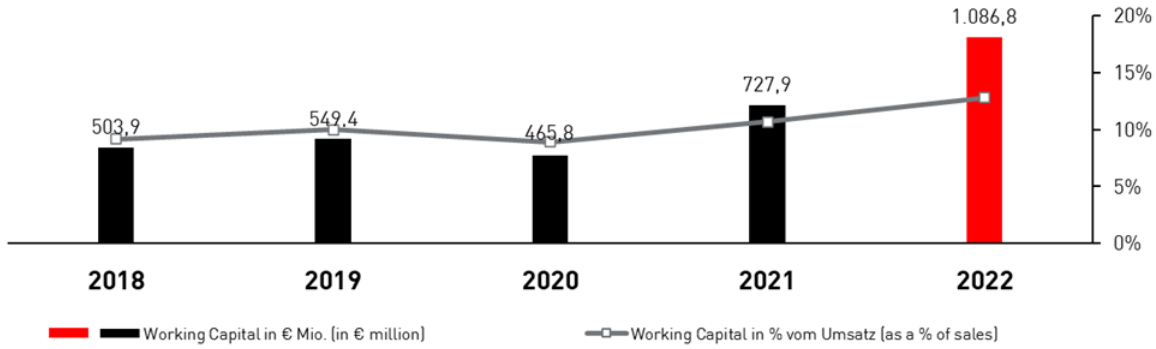
WORKING CAPITAL

As of the balance sheet date, working capital increased by 49.3% from € 727.9 million in the previous year to € 1,086.8 million as of December 31, 2022. In relation to sales in the respective financial year, this corresponds to an increase in the working capital ratio from 10.7% in the previous year to 12.8% at the end of 2022. This development was mainly due to the overall stronger increase in inventories and trade receivables compared to the increase of trade payables.

On the assets side, inventories rose by 50.4% as at the balance sheet date from € 1,492.2 million to € 2,245.1 million. Higher raw material prices and cost increases for incoming freight, unfavorable exchange rate effects and earlier product purchases to improve the availability of goods contributed significantly to this increase. In addition, a higher number of own retail stores led to an increase of inventories. Trade receivables increased by 25.6% from € 848.0 million to € 1,064.9 million as of the balance sheet date as a result of strong sales growth. Other current assets, which are attributable to working capital, increased by 13.1% from € 268.7 million to € 304.1 million, mainly due to higher tax refund claims.

On the liabilities side, trade payables increased by 47.5%, from € 1,176.5 million to € 1,734.9 million due to higher inventories. Other current liabilities, which are contained in working capital and include, among other things, customer bonus and warranty provisions, rose by 12.5% from € 704.6 million to € 792.3 million as a result of the sales increase.

↗ G.15 WORKING CAPITAL



OTHER ASSETS AND OTHER LIABILITIES

At € 123.2 million, other current assets outside of working capital, which exclusively include the positive market value of derivative financial instruments, remained almost constant compared with the previous year (€ 123.3 million).

Right-of-use assets increased by 18.2% year-on-year from € 940.5 million to € 1,111.3 million, mainly as a result of the opening of new warehouses (USA and Canada) and the move into new office buildings (Japan), as well as the increase in the number of own retail stores. The right-of-use assets referred to own retail stores totaling € 430.9 million (previous year: € 382.9 million), warehouses and offices totaling € 613.1 million (previous year: € 505.8 million) and other lease items, mainly technical equipment and machines and motor vehicles, totaling € 67.3 million as of December 31, 2022 (previous year: € 51.9 million). On the liabilities side, this led to an increase in current and non-current lease liabilities.

Other non-current assets, which mainly comprise intangible assets and property, plant and equipment, increased by 14.5% from € 1,018.0 million to € 1,166.0 million in the past financial year. The increase is linked to the expansion of investment activities in 2022, following the lower pandemic-related reduction in investments in non-current assets in previous years.

As of December 31, 2022, current financial liabilities included the current portion of the promissory note loans in the amount of € 60.0 million and current liabilities to banks in the amount of € 15.9 million. In the previous year, the current portion of the promissory note loans in the amount of € 68.5 million was also included.

Other current liabilities, which include the negative market value of derivative financial instruments, declined from € 42.6 million to € 39.7 million compared to the previous year.

Pension provisions fell from € 31.9 million in the previous year to € 22.4 million. This development was mainly due to the increase in interest rates, which led to a positive effect in the revaluation of the net debt from defined benefit plans.

Other non-current liabilities, which mainly include promissory note loans totaling € 251.5 million (previous year: € 311.5 million), amounted to € 296.2 million (previous year: € 353.5 million).

CASH FLOW

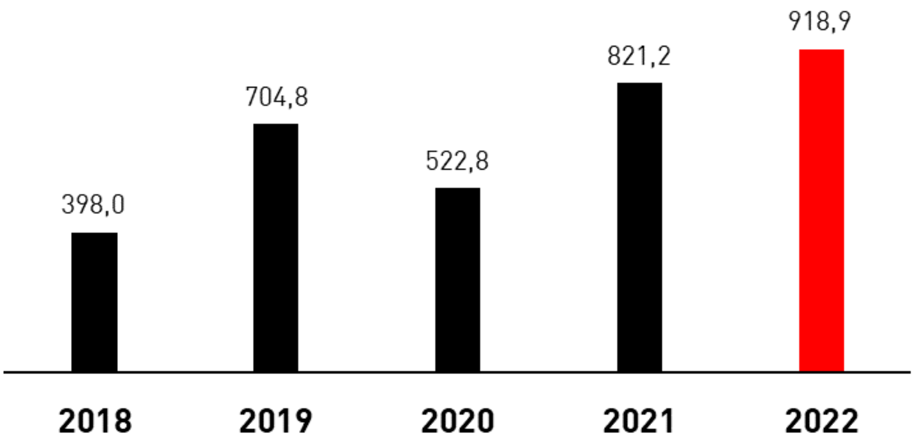
↗ T.03 CASH FLOW STATEMENT

	2022 € million	2021 € million	+/- %
Earnings before taxes (EBT)	**551.7**	**505.3**	9.2%
Financial result and non-cash expenses and income	367.2	315.9	16.2%
Gross cash flow	**918.9**	**821.2**	11.9%
Change in net current assets	-343.3	-214.3	60.2%
Payments for taxes on income	-157.4	-146.9	7.2%
Net cash from operating activities	**418.3**	**460.1**	-9.1%
Payments for acquisitions	0.0	0.0	-
Payments for investing in fixed assets	-263.6	-202.4	30.2%
Other investing and divestment activities incl. interest received	22.8	18.6	22.7%
Net cash used in investing activities	**-240.8**	**-183.8**	31.0%
Free cash flow	**177.5**	**276.2**	-35.7%
Free cash flow (before acquisitions)	**177.5**	**276.2**	-35.7%
– in % of sales	2.1%	4.1%	
Dividend payments to shareholders of PUMA SE	-107.7	-23.9	-
Dividend payments to non-controlling interests	-73.3	-47.8	53.3%
Proceeds from borrowings	17.9	235.0	-92.4%
Cash repayments of borrowings	-69.5	-121.9	-43.0%
Repayments of lease liabilities	-190.0	-160.9	18.1%
Payments of interest	-53.8	-44.4	21.2%
Net Cash used in financing activities	**-476.4**	**-164.0**	-
Exchange rate-related changes in cash and cash equivalents	4.4	-10.5	-
Changes in cash and cash equivalents	**-294.4**	**101.7**	-
Cash and cash equivalents at the beginning of the financial year	757.5	655.9	15.5%
Cash and cash equivalents at the end of the financial year	**463.1**	**757.5**	-38.9%

NET CASH FROM OPERATING ACTIVITIES

Gross cash flow increased by 11.9% from € 821.2 million to € 918.9 million in the financial year 2022. This development was due to the increase in earnings before tax (EBT +9.2%) and the increase in non-cash adjustments in relation to the financial result and other non-cash expenses and income.

↗ **G.16 GROSS CASH FLOW** (€ million)



As a result of the increase in working capital, there was a cash outflow from the change in net working capital* of € -343.3 million in the financial year 2022 compared with a cash outflow of € -214.3 million in the previous year. The cash outflow from payments for income taxes increased from € -146.9 million in the previous year to € -157.3 million in the financial year 2022 due to the increase in profitability. In total, this resulted in a decline in cash inflow from operating activities of 9.2% from € 460.1 million to € 418.3 million.

NET CASH USED IN INVESTING ACTIVITIES

In the financial year 2022, cash outflow from investment activities increased from a total of € 183.8 million to € 240.8 million. The investments in fixed assets included in this figure increased from € 202.4 million in the previous year to € 263.6 million in 2022 in line with our investment planning. The increase was primarily attributable to investments in own retail stores, in our logistics infrastructure and in new administrative buildings. In addition, investments in the modernization of the IT infrastructure continued to be made. The increase in capital expenditures relates in particular to the North America and Latin America segments and the central areas, which are not allocated to the business segments.

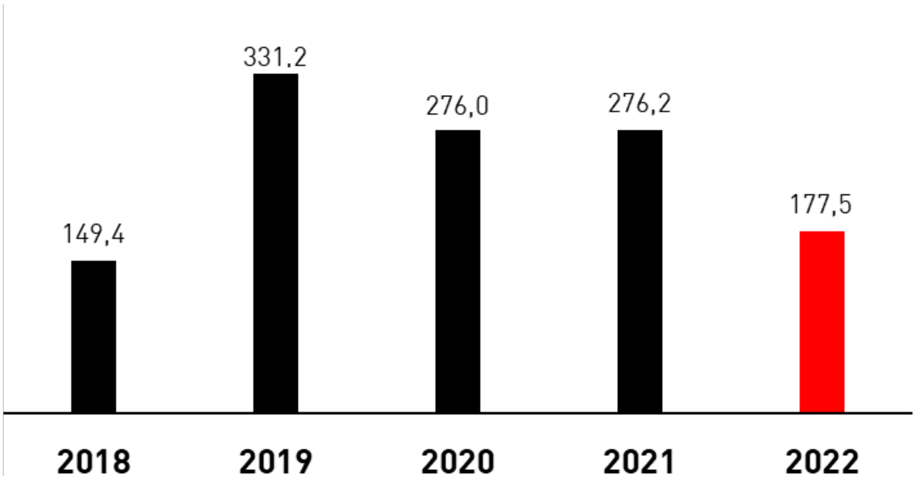
* Net current assets include working capital line items plus current assets and liabilities, which are not part of the working capital calculation. Current lease liabilities are not part of the net current assets.

FREE CASH FLOW BEFORE ACQUISITIONS

The free cash flow before acquisitions is the balance of the cash inflows and outflows from operating and investing activities. In addition, an adjustment is made for incoming and outgoing payments that relate to the purchase or sale of shareholdings, where applicable. No acquisitions were made in 2021 and 2022.

Free cash flow before acquisitions decreased from € 276.2 million in the previous year to € 177.5 million in the financial year 2022. Free cash flow before acquisitions was 2.1% of sales compared to 4.1% in the previous year.

↗ **G.17 FREE CASH FLOW (BEFORE ACQUISITIONS)** (€ million)



NET CASH USED IN FINANCING ACTIVITIES

The net cash used in financing activities increased overall from a cash outflow of € 164.0 million in the previous year to a cash outflow of € 476.4 million in 2022. The increase in cash outflows resulted mainly from higher dividend payments and lower proceeds from borrowing.

A dividend payment of € 107.7 million was distributed to the shareholders of PUMA SE for the financial year 2021. In the previous year, the dividend payment was € 23.9 million. The net cash used in financing activities also included payouts to non-controlling interests totaling € 73.3 million in 2022 (previous year: € 47.8 million). Cash inflows from borrowings amounted to € 17.0 million, compared with cash inflows of € 235.0 million in the previous year. In the financial year 2022, payments made for the repayment of financial liabilities totaled € 68.5 million (previous year: € 121.9 million). The cash outflows for the repayment of leasing liabilities and related interest expenses included in the cash outflow from financing activities increased from a total of € 192.4 million in the previous year to € 228.7 million in 2022.

As of December 31, 2022, PUMA had cash and cash equivalents of € 463.1 million, a decrease of 38.9% compared with the previous year (€ 757.5 million). The PUMA Group also had credit lines totaling € 1,271.0 million as of December 31, 2022 (previous year: € 1,322.0 million). Unutilized credit lines totaled € 943.7 million on the balance sheet date, compared to € 942.0 million in the previous year.

STATEMENT REGARDING THE BUSINESS DEVELOPMENT AND THE OVERALL SITUATION OF THE GROUP

Despite the challenges in the business environment, 2022 was an excellent financial year for PUMA. The ongoing negative effects of the COVID-19 pandemic led in particular to delays in the supply chain and, especially in the first half of the year, restricted product availability. In addition, there were negative effects in the form of lockdown measures, particularly in China, where retail stores had to be closed temporarily. Russia's invasion of Ukraine prompted us to suspend our retail activities in these two countries in early March. Nevertheless, in such a difficult market environment, we were able to achieve the highest sales to date and, at the same time, the best result ever achieved in the history of PUMA.

Our "People First" approach is an important pillar of our strategy. We want to offer our employees an attractive working environment and diversity plays an important role in our corporate culture. PUMA has received several awards for this successful strategy in 2022, including the "Top Employer Award" in two regions and 16 countries as well as the German Diversity Award. We were able to further optimize our processes by expanding logistics centers in our key markets and opening new warehouses in Mexico, Dubai and Thailand. We also invested in improving our IT infrastructure, product development and ERP systems.

We were able to achieve currency-adjusted sales growth of 18.9% in the financial year 2022. We were also able to make improvements in terms of the operating result in 2022, achieving the best operating result and consolidated net earnings in PUMA's corporate history. In addition to the strong sales growth, this development was also attributable to the operating leverage. In contrast, higher sourcing prices due to raw materials and cost increases for incoming freight, an unfavorable regional and distribution channel mix and a promotional market environment with higher promotional activities had a negative effect on the development of the gross profit margin.

The operating result of € 640.6 million in the past financial year was within our forecast range of between € 600 million and € 700 million. Earnings per share increased compared with the previous year, rising from € 2.07 to € 2.36. This means that we achieved our profitability targets in the past financial year.

With regard to the consolidated balance sheet, we believe that PUMA continues to have a very solid capital base. As of the balance sheet date, the PUMA Group's equity amounted to more than € 2.5 billion and the equity ratio was 37.5%.

The situation in the sourcing market continued to be tense in view of the COVID 19-related lockdown risks as well as due to the challenging freight market. Against this background, product availability was prioritized and products were purchased earlier, resulting in a negative impact on working capital and cash flow. Our cash and cash equivalents amounted to € 463.1 million as of the balance sheet date. In addition, the PUMA Group has unutilized credit lines totaling € 943.7 million at its disposal.

Consequently, the net assets, financial position and results of operations of the PUMA Group is overall very solid at the time the Combined Management Report was prepared. This enables the Management Board and the Supervisory Board to propose to the Annual General Meeting on May 24, 2023, a dividend of € 0.82 per share for the financial year 2022. This corresponds to a payout ratio of 34.7% in relation to the consolidated net earnings according to IFRS and is in line with our dividend policy.

COMMENTS ON THE FINANCIAL STATEMENTS OF PUMA SE IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

The annual financial statements of PUMA SE are prepared in accordance with the rules of the German Commercial Code (German GAAP, HGB), taking into account the SEAG (German SE Implementation Act) and the German Stock Corporation Act (AktG). PUMA SE is the parent company of the PUMA Group. PUMA SE's results are to a large extent influenced by the directly and indirectly held subsidiaries and shareholdings. The business development of PUMA SE is essentially subject to the same risks and opportunities as the PUMA Group. In addition, the management of earnings before taxes (EBT) is affected by changes in the financial result.

PUMA SE is responsible for wholesale business in the DACH area, consisting of the home market of Germany, Austria, and Switzerland. Furthermore, PUMA SE is also responsible for pan-European distribution for individual key accounts and for sourcing products from European production countries, as well as global licensing management. In addition, PUMA SE acts as a holding company within the PUMA Group and is as such responsible for international product development, merchandising, international marketing, the global areas of finance, operations and PUMA's strategic direction.

RESULTS OF OPERATIONS

↗ T.04 PROFIT AND LOSS STATEMENT (GERMAN GAAP, HGB)

	2022		2021		
	€ million	**%**	**€ million**	**%**	**+/- %**
Sales	**1,151.9**	100.0%	**948.7**	100.0%	**21.4%**
Other operating income	**84.0**	7.3%	**31.4**	3.3%	**167.5%**
Material expenses	-316.4	-27.5%	-270.8	-28.5%	16.8%
Personnel expenses	-120.2	-10.4%	-120.4	-12.7%	-0.2%
Depreciation and amortization	-36.8	-3.2%	-29.4	-3.1%	25.3%
Other operating expenses	-816.3	-70.9%	-630.8	-66.5%	29.4%
Total expenses	**-1,289.7**	-112.0%	**-1,051.4**	-110.8%	**22.7%**
Financial Result	**189.5**	16.5%	**208.6**	22.0%	**-9.1%**
Income before taxes	**135.8**	11.8%	**137.3**	14.5%	**-1.0%**
Taxes on income	-18.8	-1.6%	-13.7	-1.4%	37.4%
Net income	**117.0**	10.2%	**123.6**	13.0%	**-5.4%**

In the financial year 2022, **sales** increased by a total of 21.4% to € 1,151.9 million. The increase resulted both from higher revenues from product sales and from higher commission income in the context of license management. Revenues from PUMA SE product sales rose by 23.4% to € 508.9 million (previous year: € 412.5 million). Royalty and commission income included in sales increased by 19.0% to € 589.0 million (previous year: € 495.1 million). Other sales, which mainly consisted of recharges of costs to affiliated companies, totaled € 53.9 million in 2022 (previous year: € 41.2 million).

Other operating income amounted to € 84.0 million in 2022 (previous year: € 31.4 million) and includes, in particular, realized and unrealized gains from currency conversion related to the measurement of receivables and liabilities in foreign currencies at the balance sheet date.

The total **expenditure** from material expenses, personnel expenses, depreciation and other operating expenses increased by 22.7% to € 1,289.7 million compared to the previous year (previous year: a total of € 1051.4 million). The increase in material expenses compared to the previous year was mainly due to the increase of sales. Personnel expenses are at the previous year's level due to a higher number of employees and, in contrast, lower additions to personnel provisions. Other operating expenses increased compared with the previous year, mainly due to increased administrative, marketing and sales expenses.

The **financial result** declined year-on-year by 9.1% to € 189.5 million. The decline was mainly due to higher expenses and lower income from the transfer of income from affiliated companies. In addition, the investment in Borussia Dortmund GmbH & Co. KGaA (BVB), Dortmund, was written down in the financial year due to an impairment of € 5.7 million, which is expected to be permanent. In contrast, significant higher income from dividends from investments in affiliated companies and improved net interest income had a positive effect on the development of the financial result.

The significant increase in sales was offset by the increase of expenses and the decline of the financial result, which is why **earnings before income taxes** declined by 1.0% from € 137.3 million in the previous year to € 135.8 million in 2022. **Taxes on income** amounted to € 18.8 million (previous year: € 13.7 million). Accordingly, PUMA SE's **net income** under the German Commercial Code (German GAAP, HGB) decreased by 5.4% to € 117.0 million in the financial year 2022 (previous year: € 123.6 million).

NET ASSETS

↗ T.05 BALANCE SHEET (GERMAN GAAP, HGB)

	12/31/2022		12/31/2021		
	€ million	**%**	**€ million**	**%**	**+/- %**
Total fixed assets	1,100.3	43.7%	1,087.0	50.3%	1.2%
Inventories	115.2	4.6%	53.9	2.5%	113.6%
Receivables and other current assets	1,177.8	46.8%	607.2	28.1%	94.0%
Cash and cash equivalents	96.5	3.8%	398.8	18.4%	-75.8%
Total current assets	1,389.5	55.2%	1,059.9	49.0%	31.1%
Other	25.2	1.0%	15.1	0.7%	66.5%
Total assets	**2,515.1**	100.0%	**2,162.0**	100.0%	**16.3%**
Equity	933.8	37.1%	916.9	42.2%	1.8%
Accruals/provisions	141.9	5.6%	117.6	5.4%	20.7%
Liabilities	1,438.9	57.2%	1,127.0	52.1%	27.7%
Other	0.5	0.0%	0.5	0.0%	0.3%
Total liabilities and equity	**2,515.1**	100.0%	**2,162.0**	100.0%	**16.3%**

Fixed assets increased by a total of 1.2% to € 1,100.3 million in 2022. The increase is associated with further investments in IT. In addition, the unscheduled depreciation of the shares in Borussia Dortmund GmbH & Co. KGaA (BVB) had an opposite effect.

The increase in inventories in **current assets** by 113.6% to € 115.2 million was mainly due to the improved availability of goods, as inventories were at a lower level at the balance sheet date in the previous year due to COVID-19-related factory closures in Vietnam. In addition, general growth contributed to the increase in inventories. Receivables and other assets increased by a total of 94.0% compared with the previous year to € 1,177.8 million. In particular, increased receivables from affiliated companies contributed to this development. Cash and cash equivalents decreased by 75.8% to € 96.5 million compared to the previous year.

On the **liabilities side**, equity rose by 1.8% to € 933.8 million, as a result of the net income in 2022. Despite this, an increase in total assets due to higher provisions and liabilities led to a reduction in the equity ratio at the balance sheet date from 42.4% in the previous year to 37.1% as of December 31, 2022.

Provisions increased by 20.7% year-on-year to € 141.9 million. This development resulted from higher provisions for taxes and for outstanding invoices. Liabilities increased from € 1,127.0 million in the previous year to € 1,438.9 million as of December 31, 2022. This increase was mainly the result of increased liabilities to affiliated companies due to goods deliveries. In contrast, liabilities to banks declined due to the partial repayment of promissory note loans.

FINANCIAL POSITION

↗ T.06 CASH FLOW STATEMENT (GERMAN GAAP, HGB)

	2022	2021	
	€ million	€ million	+/- %
Net cash from operating activities	**4.9**	**124.0**	**-96.0%**
Net cash used in investing activities	**-441.2**	**-206.7**	**113.4%**
Free cash flow	**-436.3**	**-82.7**	**>100%**
Net cash from financing activities	**134.0**	**221.4**	**-39.5%**
Change in cash and cash equivalents	**-302.3**	**138.6**	**>-100%**
Cash and cash equivalents at the beginning of the financial year	398.8	260.2	53.3%
Cash and cash equivalents at the end of the financial year	**96.5**	**398.8**	**-75.8%**

Cash inflow from operating activities decreased in the 2022 financial year from € 124.0 million to € 4.9 million. This development was mainly due to the increase of inventories.

The **net cash used in investing activities** in 2022 includes investments in fixed assets and cash outflows from the granting of receivables to affiliated companies.

Net cash from financing activities showed a total cash inflow of € 134.0 million in 2022 (previous year: € 221.4 million). The cash inflow was mainly attributable to the increase in liabilities to affiliated companies. In contrast, the partial repayment of promissory note loans in the amount of € 68.5 million and the dividend payment to the shareholders of PUMA SE for the financial year 2021 of € 107.7 million resulted in a cash outflow.

OUTLOOK

In PUMA SE's financial statements under German Commercial Code (German GAAP, HGB), we expect an increase in sales in the high single-digit percentage range for the financial year 2023. Assuming dividends from investments in affiliated companies at the previous year's level, we expect earnings before tax for the financial year 2023 to be at the previous year's level.

INFORMATION CONCERNING TAKEOVERS

The following information, valid December 31, 2022, is presented in accordance with Art. 9 p. 1 c) (ii) of the SE Regulation in conjunction with Sections 289a, 315a German Commercial Code (HGB). Details under Sections 289a, 315a HGB which do not apply at PUMA SE are not mentioned.

Composition of the subscribed capital (Sections 289a [1][1], 315a [1][1] HGB)
On the balance sheet date, subscribed capital totaled € 150,824,640.00 and was divided into 150,824,640 no-par value shares with a proportional amount in the statutory capital of € 1.00 per share. As of the balance sheet date, the Company held 1,065,996 treasury shares.

Shareholdings exceeding 10% of the voting rights (Sections 289a [1][3], 315a [1][3] HGB)
As of December 31, 2022, there was one shareholding in PUMA SE that exceeded 10% of the voting rights. It was held by the Pinault family via several companies controlled by them (ranked by size of stake held by the Pinault family: Financière Pinault S.C.A., Artémis S.A.S. and Kering S.A.). The shareholding of Kering S.A. in PUMA SE amounted to 3.96% of the share capital according to Kering's 2022 First-half report from July 27, 2022. The shareholding of Artémis S.A.S. and Kering S.A. together amounts to 32.48% of the share capital.

Statutory provisions and regulations of the Articles of Association on the appointment and dismissal of the members of the Management Board and on amendments to the Articles of Association (Sections 289a [1][6], 315a [1][6] HGB)
Regarding the appointment and dismissal of the members of the Management Board, reference is made to the applicable statutory requirements of § 84 German Stock Corporation Act (AktG). Moreover, Section 7[1] of PUMA SE's Articles of Association stipulates that Management Board shall consist of two members in the minimum; the Supervisory Board determines the number of members in the Management Board. The Supervisory Board may appoint deputy members of the Management Board and appoint a member of the Management Board as chairperson of the Management Board. Members of the Management Board may be dismissed only for good cause, within the meaning of Section 84[3] of the AktG or if the employment agreement is terminated, for which in each case a resolution must be adopted by the Supervisory Board with a simple majority of the votes cast.

Amendments to the Articles of Association of the Company require a resolution by the Annual General Meeting. Resolutions of the Annual General Meeting require a majority according to Art. 59 SE Regulation and Sections 133[1], 179 [2] [1] AktG (i.e. a simple majority of votes and a majority of at least three quarters of the share capital represented at the time the resolution is adopted). The Company has not made use of Section 51 SEAG.

Authority of the Management Board to issue or repurchase shares (Sections 289a [1][7], 315a [1][7] HGB)
The authority of the Management Board to issue shares result from Section 4 of the Articles of Association and from the statutory provisions:

<u>Authorized Capital</u>

By resolution of the Annual General Meeting on May 5, 2021, the Management Board is authorized, with approval of the Supervisory Board, to increase the share capital of the Company by up to EUR 30,000,000.00 by issuing, once or several times, new no par-value bearer shares against contributions in cash and/or kind until 4 May 2026 (Authorized Capital 2021). In case of capital increases against contributions in cash, the new shares may be acquired by one or several banks, designated by the Management Board, subject to the obligation to offer them to the shareholders for subscription (indirect pre-emption right).

The shareholders shall generally be entitled to pre-emption rights. However, the Management Board shall be authorized with approval of the Supervisory Board, to partially or completely exclude pre-emption rights

- to avoid peak amounts;
- in case of capital increases against contributions in cash if the pro-rated amount of the share capital attributable to the new shares for which pre-emption rights have been excluded does not exceed 10% of the share capital and the issue price of the newly created shares is not significantly lower than the relevant exchange price for already listed shares of the same class, Section 186 (3) sentence 4 of the German Stock Corporation Act (Aktiengesetz, AktG). The 10% limit of the share capital shall apply at the time of the resolution on this authorization by the Annual General Meeting as well as at the time of exercise of the authorization. Shares of the Company (i) which are issued or sold during the term of the Authorized Capital 2021 excluding shareholders' pre-emption rights directly or respectively applying Section 186 (3) sentence 4 AktG or (ii) which are or can be issued to service option and convertible bonds applying Section 186 (3) sentence 4 AktG while excluding shareholders' pre-emption rights during the term of the Authorized Capital 2021, shall be counted towards said limit of 10%;
- in case of capital increases against contributions in cash insofar as it is required to grant pre-emption rights regarding the Company's shares to holders of option or convertible bonds which have been or will be issued by the Company or its direct or indirect subsidiaries to such an extent to which they would be entitled after exercising option or conversion rights or fulfilling the conversion obligation as a shareholder;
- in case of capital increases against contributions in kind for carrying out mergers or for the direct or indirect acquisition of companies, participation in companies or parts of companies or other assets including intellectual property rights and receivables against the Company or any companies controlled by it in the sense of Section 17 AktG.

The total amount of shares issued or to be issued based upon this authorization while excluding shareholders' pre-emption rights may neither exceed 10% of the share capital at the time of the authorization becoming effective nor at the time of exercising the authorization; this limit must include all shares which have been disposed of or issued or are to be issued during the term of this authorization based on other authorizations while excluding pre-emption rights or which are to be issued because of an issue of option or convertible bonds during the term of this authorization while excluding pre-emption rights. The Management Board shall be entitled, with approval of the Supervisory Board, to determine the remaining terms of the rights associated with the new shares as well as the conditions of the issuance of shares. The Supervisory Board is entitled to adjust the respective version of the Company's Articles of Association with regard to the respective use of the Authorized Capital 2021 and after the expiration of the authorization period.

The Management Board of PUMA SE did not make use of the existing Authorized Capital in the current reporting period.

Conditional Capital

The Annual General Meeting of May 11, 2022 has authorized the Management Board until May 10, 2027 with the approval of the Supervisory Board to issue once or several times, in whole or in part, and at the same time in different tranches bearer and/or registered convertible bonds and/or options and profit-participation rights and/or profit bonds or combinations thereof with or without maturity restrictions in the total nominal amount of up to € 1,500,000,000.00.

The share capital is conditionally increased by up to € 15,082,464.00 by issue of up to 15,082,464 new no-par value bearer shares (Conditional Capital 2022). The conditional capital increase shall only be implemented to the extent that conversion/option rights are exercised, or the conversion/option obligations are performed or tenders are carried out and to the extent that other forms of performance are not applied.

No use has been made of this authorization to date.

Authorization to acquire treasury shares

The Annual General Meeting of May 7, 2020 resolved under agenda item 6 to authorize PUMA SE to acquire and utilize treasury shares until May 6, 2025, including the authorization to sell treasury shares while excluding shareholders' pre-emption rights and the authorization to offer and transfer treasury shares to third parties against non-cash consideration. The authorization from 2020 was extended by resolution of the Annual General Meeting on May 5, 2021 to the effect that the Supervisory Board was authorized to issue treasury shares to members of the Management Board as a component of Management Board remuneration, while excluding shareholders' pre-emption rights. In addition, the authorization from 2020 was extended by resolution of the Annual General Meeting on May 11, 2022 to the effect that the Management Board was authorized to issue shares acquired, excluding shareholders' subscription rights, in connection with share-based payment or employee share programs of the Company or its affiliated companies to persons who are or were employed by the Company or one of its affiliated companies or are a member of the management of a company affiliated with the Company. In all other aspects, the authorization from 2020 remained unchanged.

No use has been made of the authorization to acquire treasury shares in the reporting period.

Significant agreements of the Company which are subject to a change of control as a result of a takeover bid and the resulting effects (Section 289a [1][8], 315a [1][8] HGB)
Material financing agreements of PUMA SE with its creditors contain the standard change-of-control clauses. In the case of change of control the creditor is entitled to termination and early calling-in of any outstanding amounts.

For more details, please refer to the relevant disclosures in chapter 17 of the Notes to the Consolidated Financial Statements.

CORPORATE GOVERNANCE STATEMENT IN ACCORDANCE WITH SECTION 289F AND SECTION 315D HGB

Effective implementation of the principles of corporate governance is an important aspect of PUMA's corporate policy. Transparent and responsible corporate governance is a key prerequisite for achieving corporate targets and for increasing the Company's value in a sustainable manner. The Management and the Supervisory Board work closely with each other in the interests of the entire Company to ensure that the Company is managed and monitored in an efficient way that will ensure sustainable added value through good corporate governance. In the following the Management Board and the Supervisory Board report on the corporate governance at PUMA SE in accordance with Principle 23 of the German Corporate Governance Code (DCGK). This section also includes the Statement of Compliance in accordance with Art. 9(1)c(ii) of the SE Regulation (SE-VO) in conjunction with Section 289f and Section 315d German Commercial Code (HGB). Pursuant to Section 317(2) Sentence 6 of the HGB, the purpose of the audit of the statements pursuant to Section 289f (2) and (5) and Section 315d of the HGB is limited to determining whether such statements have actually been provided.

PUMA SE has the legal form of a European company (Societas Europaea, or SE). Being a SE headquartered in Germany, PUMA SE is subject to European and German law for SEs while remaining subject to German stock corporation law. As a company listed in Germany, PUMA SE adheres to the German Corporate Governance Code.

PUMA SE has a dual management system featuring strict personal and functional separation between the Management Board and the Supervisory Board (two-tier board). Accordingly, the Management Board manages the company while the Supervisory Board monitors and advises the Management Board.

STATEMENT OF COMPLIANCE OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF PUMA SE WITH THE GERMAN COPRORATE GOVERNANCE CODE IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK COPRORATION ACT (AKTIENGESETZ)FOR 2022

As of December 31, 2022, the balance sheet date of the Annual Report 2022, the following Statement of Compliance 2022 was in effect.

The Management Board and the Supervisory Board of PUMA SE declare that - since the last Statement of Compliance from November 9, 2021, updated on April 7, 2022 - PUMA SE has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the versions dated December 16, 2019 (effective as of March 20, 2020, "Code 2020"), and April 28, 2022 (effective June 27, 2022, "Code 2022") and will continue to comply with the Code 2022, in each case with the following exception and to the extent required by the Code 2020 and Code 2022.

According to recommendation C.5 of the Code 2020 and the Code 2022, a member of the management board of a listed company shall not hold more than two supervisory board mandates in non-group listed companies or comparable functions in total. Mr Bjørn Gulden, member of the Management Board and CEO of PUMA SE, holds mandates at Tchibo GmbH, Hamburg, and Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund, which fall under this recommendation. In 2022 he also became member of the Board of Directors of Essity Aktiebolag (publ), a listed public limited company incorporated under the laws of the Kingdom of Sweden. Therefore, PUMA declares an exception to recommendation C.5. The Supervisory Board of PUMA SE has made sure that Mr Gulden will continue to have sufficient time to perform his duties at PUMA SE in a diligent manner.

Herzogenaurach, November 9, 2022

PUMA SE

For the Management Board | For the Supervisory Board

Arne Freundt | Hubert Hinterseher | Héloïse Temple-Boyer

UPDATE OF THE STATEMENT OF COMPLIANCE OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF PUMA SE WITH THE GERMAN COPRORATE GOVERNANCE CODE IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK COPRORATION ACT (AKTIENGESETZ)

The Statement of Compliance was updated as follows as of January 1, 2023.

On November 9, 2022, the Management Board and Supervisory Board of PUMA SE last issued a Statement of Compliance with the recommendations of the German Corporate Governance Code in the versions dated December 16, 2019 (effective as of March 20, 2020, "Code 2020", and April 28, 2022 (effective June 27, 2022, "Code 2022"). This statement is updated and supplemented as follows:

According to recommendation C.5 of the Code 2020 and the Code 2022, a member of the management board of a listed company shall not hold more than two supervisory board mandates in non-group listed companies or comparable functions in total. Mr Bjørn Gulden, former member of the Management Board of PUMA SE, resigned on November 16, 2022 from the Supervisory Board of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund, with effect from December 31, 2022. Mr. Gulden thus holds a total of two supervisory board mandates in non-group listed companies or comparable functions.

The declaration of a deviation from recommendation C.5 was not required since then and will not be required in the future.

In all other respects, the Statement of Compliance of November 9, 2022 continues to apply without restriction.

Herzogenaurach, January 1, 2023

PUMA SE

For the Management Board | For the Supervisory Board

Arne Freundt | Hubert Hinterseher | Héloïse Temple-Boyer

The Statement of Compliance as well as its update can be downloaded on the Company's homepage (http://about.PUMA.com under "INVESTOR RELATIONS / CORPORATE GOVERNANCE"). The Statements of Compliance of the past five years are also accessible on this website.

RELEVANT DISCLOSURES OF CORPORATE GOVERNANCE PRACTICES THAT ARE APPLIED BEYOND THE REGULATORY REQUIREMENTS

CORPORATE SOCIAL RESPONSIBILITY

In order to fulfill our ecological and social responsibility as a global sporting goods manufacturer, PUMA has developed groupwide guidelines on environmental management and on compliance with workplace and social standards as well as human rights. PUMA is convinced that only on such a foundation can a lasting and sustainable corporate success be achieved. That is why PUMA is committed to the principles of the UN Global Compact. The PUMA Code of Ethics and the PUMA Code of Conduct prescribe ethical and environmental standards with which both employees and suppliers are required to comply. Detailed information on the Company's sustainability strategy can be found in the "Sustainability" section of the Annual Report or on the Company's homepage (http://about.PUMA.com under "FOREVER BETTER").

COMPLIANCE MANAGEMENT SYSTEM

At PUMA, we act in accordance with the law and self-imposed standards of conduct in all business activities. PUMA has established a Compliance Management System (CMS) to systematically prevent, detect at an early stage and sanction violations of rules in the areas of corruption, money laundering, conflicts of interest, antitrust law, fraud/unfidelity. Violations of the law or internal policies will not be tolerated.

We behave in a law-abiding, fair, respectful and ethical manner towards our employees, our customers and our business partners. Not just because we have to, but because we want to, and this is deeply rooted in PUMA's culture. The CMS is managed by the Group Compliance function together with our Local Compliance Officers in all subsidiaries worldwide to ensure that all PUMA employees comply with PUMA's values.

PUMA CODE OF ETHICS

Our PUMA Code of Ethics is an important building block of the CMS and a core element of the PUMA culture. It defines the guidelines and values that shape PUMA's identity and is binding for employees in all PUMA subsidiaries worldwide. PUMA expects all employees to be familiar with these values and to act accordingly. Among other things, the Code of Ethics contains rules for dealing with conflicts of interest and personal data and prohibits insider trading, anti-competitive behavior and corruption in any form. In order to familiarize employees with the rules of the Code of Ethics and establish uniform behavioral guidelines, the Code of Ethics is supported by specific groupwide policies.

RISK ASSESSMENT

Group Compliance regularly carries out risk analyses to assess the most important compliance risks worldwide and to identify and mitigate potential new risks. The risk assessment is generally based on a questionnaire and on personal, in-depth interviews. The risk assessment allows a statement to be made about net compliance risks because it also takes into account existing risk mitigation measures.

TRAININGS AND COMMUNICATION

Through ongoing mandatory e-learnings, all employees are familiarized with the regulatory areas of the Code of Ethics. In 2022, the focus of the e-learning on the Code of Ethics was on competition law. All PUMA employees were requested by the CEO of PUMA SE to complete the e-learning. The clear "tone from the top" resulted in 98.7% of PUMA employees across the Group (98.3% PUMA SE) successfully completing the e-learning.

In addition, we conduct face-to-face and virtual training for our headquarters and our subsidiaries. The trainings are tailored to the respective target group and their business requirements. Moreover, there is a Compliance onboarding training that new employees must familiarize themselves with when they start at PUMA.

We regularly develop awareness measures in various formats to inform our employees about the content and controls set out in the internal policies and guidelines. These awareness measures are translated into 11 languages and distributed throughout our organization worldwide. In 2022, we developed awareness measures on the Signature Policy and the Competition Law Policy, and specifically on the compliance responsibilities of managers with teams.

REQUIREMENTS ON BUSINESS PARTNERS

To ensure that we achieve our goal of being successful, we require our business partners to comply with applicable laws and regulations, particularly those related to anti-corruption, human rights protection, and environmental protection. We also require our business partners to adhere to the values we have set out in our Code of Ethics and Code of Conduct for suppliers (available at https://about.puma.com/en/sustainability/codes-policies-and-handbooks).

Following the introduction of the Business Partner Due Diligence Policy in 2021, our business partners are screened for potential risks and classified into low, medium and high-risk categories. 434 business partners were risk assessed using a due diligence process tool developed internally by us. 15% of these business partners were classified as high risk and therefore had to undergo special onboarding and meet certain requirements in order to work with PUMA. In 2022, no business partners were rejected that had undergone compliance due diligence.

COMPLIANCE ORGANIZATION

The Management Board is responsible for implementing an appropriate and effective CMS. It is supported by a compliance organization consisting of the Chief Compliance Officer and the Local Compliance Officers in the main operating companies of the PUMA Group. The Chief Compliance Officer of PUMA SE reports directly to the CEO of PUMA SE. The Local Compliance Officers are also the direct contact for the employees and support them through appropriate communication measures and the handling of compliance incidents. To facilitate cooperation within the global compliance organization, regular virtual meetings are held with the Local Compliance Officers. These meetings provide an opportunity to share experiences and knowledge and to set out future requirements and expectations.

This informal exchange of information is supplemented by a compliance reporting process. This process includes, among other things:

- Reporting by the Chief Compliance Officer to the Audit Committee of the Supervisory Board of PUMA SE and to the Management Board on the current status of the implementation of the compliance structures and serious compliance violations.

- Reporting by the Local Compliance Officers to the Chief Compliance Officer on the status of the implementation of the Compliance Management System in their local entity.

WHISTLEBLOWING PLATFORM

PUMA has a Group-wide electronic whistleblower platform, operated by an external provider, to which employees and third parties can report illegal or unethical behavior. Violations from all risk areas can be reported. Reports of violations that do not fall within the core compliance risk areas are forwarded to the relevant departments, which are then responsible for investigating and implementing appropriate measures in the respective cases.

Each year, Local Compliance Officers explicitly draw attention to the whistleblower platform through appropriate communication measures or in personal training sessions. Whistleblowers who report misconduct in good faith are protected from retaliation. All reports are investigated immediately, and appropriate action is taken upon confirmation. In 2022, 94 reports of alleged violations were received. Most of the cases did not fall within the Compliance department's area of responsibility. 4 compliance cases in 2022 were minor fraud cases, investigations were closed, and 2 allegations were confirmed. In addition to the whistleblower platform, there is a global hotline available for whistleblowers from the factories PUMA works with.

DESCRIPTION OF THE WORKING PRACTICES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

PUMA SE has three bodies – the Management Board, the Supervisory Board and the Annual General Meeting.

MANAGEMENT BOARD

The Management Board of PUMA SE manages the Company on its own responsibility with the goal of sustainable value creation. It develops PUMA's strategic orientation and coordinates it with the Supervisory Board.

In addition, it ensures group-wide compliance with legal requirements and an effective risk management and internal control system.

The main features of our internal control system and risk management system for which the Management Board is responsible, can be found in the section "Risk and Opportunity Report".

We provide information on the tasks of the Management Board with regard to sustainability-related risks and opportunities as well as corresponding impacts of the company's activities in the chapter "Risk and Opportunity Report" and in detail in the chapter "Sustainability" in our sustainability report (Non-financial Report). The sustainability report for the financial year 2022 can be accessed at the following location on our website from April 30, 2023 at the latest: https://about.puma.com/en/investor-relations/financial-reports. In addition, important sustainability information can be accessed at any time on the PUMA homepage in the FOREVER BETTER section: https://about.puma.com/en/forever-better. There, as well as in our Compensation Report at https://about.puma.com/en/investor-relations/corporate-governance, more detailed information on sustainability-related objectives of the corporate strategy and corporate planning is also available.

The members of the Management Board are appointed by the Supervisory Board. The Supervisory Board has set a general age limit of 70 years for the members Management Board. The Management Board currently consists of four members and has a CEO. Further information on the mandates of the members of the Management Board can be found in the Notes to the Consolidated Financial Statements (last chapter). As of January 1, 2023, no member of the Management Board has mandates in non-group listed companies or comparable functions.

The members of the Management Board are obliged to disclose conflicts of interest to the Chair of the Supervisory Board and to the CEO without undue delay and to inform the other members of the Management Board accordingly. They may only assume sideline activities, in particular supervisory board and comparable mandates outside the PUMA Group, with the prior consent of the Supervisory Board. In the past fiscal year, the members of the Management Board of PUMA SE did not report any conflicts of interest.

The principles of cooperation of the Management Board of PUMA SE as well as the areas of responsibility (resorts) of the individual members of the Management Board are set out in the Rules of Procedure for the Management Board, which can be viewed at http://about.PUMA.com under "INVESTOR RELATIONS / CORPORATE GOVERNANCE".

SUPERVISORY BOARD

The German Codetermination Act does not apply to PUMA SE as a European company. Rather, the size and composition of the Supervisory Board are determined by the Articles of Association of PUMA SE and the Agreement on the Involvement of Employees in PUMA SE dated July 11, 2011 and its amendment dated

February 7, 2018. The Supervisory Board of PUMA SE consists of six members, four of whom are shareholder representatives and two of whom are employee representatives. Shareholder representatives are being elected individually. CVs of the individual Supervisory Board members are available on the Internet and are updated annually. The term of office of the current Supervisory Board members ends at the end of the Annual General Meeting which resolves on the discharge of the members of the Supervisory Board for the financial year 2022. Further information on the members of the Supervisory Board, their mandates and the term of their membership can be found in the Notes to the Consolidated Financial Statements (last chapter). Supervisory Board members who are not a member of any Management Board of a listed company have not accepted more than five Supervisory Board mandates at non-group listed companies or comparable functions.

The Supervisory Board appoints the members of the Management Board and may dismiss them at any time for good cause. Initial appointments are for three years. The Supervisory Board adopts a clear and understandable remuneration system for the Management Board. In case of any significant change, at least every four years, it shall submit the remuneration system to the Annual General Meeting for approval. The Annual General Meeting on May 5, 2021 approved a further developed Management Board remuneration system submitted by the Supervisory Board, which complies with the requirements of the Act Implementing the Second Shareholders' Directive (ARUG II), follows the recommendations of the Code 2020 as well as the Code 2022 and is even more strongly aligned with shareholder interests. Further information on the remuneration of the Management Board is summarized in the Compensation Report drawn up jointly by the Management Board and the Supervisory Board (see https://about.puma.com/en/investor-relations/corporate-governance).

The Supervisory Board supervises and advises the Management Board on the implementation of the strategy. Supervision and advice also include, in particular, sustainability issues, which are covered as a cross-sectional task in the Audit Committee and the Sustainability Committee. The Management Board informs the Supervisory Board regularly, promptly and comprehensively about all issues of relevance to the Company relating to strategy, planning, business development, the risk situation, risk management and compliance management system. It deals with deviations in the course of business from the established plans and targets, stating the reasons. The Supervisory Board is involved by the Management Board in decisions of paramount importance for the Company and the Supervisory Board needs to approve those decisions.

Together with the Management Board, the Supervisory Board ensures succession planning for future Management Board positions and key functions in the PUMA Group. On the basis of group-wide talent conferences, the Management Board develops recommendations for potential internal successor appointments, which it discusses regularly with the Supervisory Board. In making its recommendations, the Management Board takes into account the Diversity Concept adopted by the Supervisory Board for the composition of the Management Board (see below).

Between the meetings, the Chair of the Supervisory Board is in regular contact with the CEO in order to discuss issues of strategy, business development, the risk situation, risk management and compliance of PUMA. Prior to Supervisory Board meetings, the CEO or the CFO speak separately to the employee representatives and the shareholder representatives, if need be. At the end of the regular meetings, the Supervisory Board always has the opportunity to discuss issues in the absence of the Management Board. It also makes regular use of this opportunity. The members of the Supervisory Board also participate in the meetings by telephone or video conference.

The Supervisory Board regularly reviews the efficiency of its activities. The last efficiency review was initiated at the end of 2021. With the support of external experts, a comprehensive questionnaire has been prepared, which was answered by each of the Supervisory Board members. In early 2022, the results were evaluated, discussed by the Supervisory Board and any improvement measures were defined.

No Supervisory Board member is a member of a governing body of, or exercises advisory functions at, significant competitors of the Company; no Supervisory Board member holds any personal relationships with a significant competitor of the Company.

The Company supports the Supervisory Board in its training activities, for example by having the Legal Department regularly review changes in the legal framework for the Supervisory Board and address them in the meetings. In an onboarding program, new members of the Supervisory Board not only receive training from the legal department on their rights and duties, but also have the opportunity in particular to meet the members of the Management Board and other executives for a bilateral exchange on current management issues and thus gain an overview of relevant topics of the Company. In 2022, the Supervisory Board was trained on the topics of rights and obligations of Supervisory Board members, financial KPIs, and regulatory requirements for the Supervisory Board in the area of ESG.

The principles of cooperation of the Supervisory Board of PUMA SE are set out in the Rules of Procedure for the Supervisory Board, which can be viewed at http://about.PUMA.com under "INVESTOR RELATIONS / CORPORATE GOVERNANCE".

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders of PUMA SE exercise their rights, in particular their information and voting rights, at the Annual General Meeting. Each share has one vote. PUMA SE has not issued any preferred shares or shares with multiple voting rights. Our shareholders can exercise their voting rights themselves or through a proxy appointed by the Company and bound by instructions. All documents and information on the Annual General Meeting are available on the website of PUMA SE. The Annual General Meeting in 2022 was again held in virtual format due to the COVID-19 pandemic. Therefore, a physical presence of the shareholders or their proxies was excluded. However, shareholders had the possibility to join the live broadcast of the entire virtual Annual General Meeting in sound and vision via the PUMA InvestorPortal. Questions could be submitted there in advance and were then answered at the Annual General Meeting. Objections to resolutions of the virtual Annual General Meeting could also be declared via the PUMA InvestorPortal. Shareholders exercised their voting rights by (electronic) absentee voting, by e-mail, by letter or by proxy.

As part of our comprehensive investor relations and public relations work, we are in close contact with our shareholders. We inform shareholders, financial analysts, shareholders' associations, the media and the interested public comprehensively and regularly about the situation of the Company and inform them without undue delay about significant business changes. The Chair of the Supervisory Board is also prepared to discuss Supervisory Board-specific issues with investors within an appropriate framework.

In addition to other communication channels, we make intensive use of the Company's website for our investor relations work. At http://about.PUMA.com/en/investor-relations, all material information published in the 2022 financial year, including annual, quarterly and half-yearly financial reports, press releases, voting rights announcements by major shareholders, presentations and the financial calendar, can be accessed.

DESCRIPTION OF THE WORKING PRACTICES AND THE COMPOSITION OF THE COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board meets at least every three months. Meetings must also be held if the best interests of the Company so require or if a member of the Supervisory Board requests that the meeting be convened. The Supervisory Board has established four committees to perform its duties and receives regular reports on their work. The principles of cooperation of the Supervisory Board of PUMA SE and the duties of the committees are set out in the Rules of Procedure for the Supervisory Board, which can be viewed at http://about.PUMA.com under "INVESTOR RELATIONS / CORPORATE GOVERNANCE".

The Personnel Committee consists of three members. The Personnel Committee is responsible for entering into and making changes to the Management Board members' employment contracts and for establishing policies for Human Resources and personnel development. The entire Supervisory Board decides on issues involving the Management Board members' compensation based on recommendations from the Personnel Committee. The members of the Personnel Committee are Héloïse Temple-Boyer (Chair), Fiona May and Martin Koeppel.

The Audit Committee consists of three members. The Chair of the Audit Committee and one other member of the Audit Committee have expertise in the fields of accounting and auditing in accordance with Section 100(5) AktG. In particular, the Audit Committee is responsible for the review of the accounting comprising particularly of the consolidated financial statements and the group management report (including CSR reporting), interim financial information and the single entity financial statements in accordance with the German Commercial Code (HGB). It is furthermore responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, compliance and the statutory audit of the financial statements, with particular regard to the selection and the required independence of the statutory auditors, issuing the audit mandate to the statutory auditors, defining the audit areas of focus, the quality of the audit, any additional services to be performed by the auditors and the fee agreement. The recommendation of the Supervisory Board on the selection of the statutory auditors must be based on a corresponding recommendation by the Audit Committee. Once the Annual General Meeting has appointed the statutory auditors, and the Supervisory Board has issued the audit assignment, the Audit Committee shall work with the statutory auditors to specify the scope of the audit and the audit areas of focus. The Audit Committee discusses with the statutory auditors the audit risk assessment, the audit strategy and audit planning, and the audit results. The Chair of the Audit Committee regularly discusses the progress of the audit with the statutory auditors and report thereon to the Committee. The Audit Committee consults with the statutory auditors on a regular basis without the Management Board. The statutory auditors shall attend the meeting to review the annual financial statements, the consolidated financial statements as well as the combined management report and shall report on the key findings of their audit. They shall also inform the Committee about other services they have provided in addition to auditing services and shall confirm their independence. Each month, the Audit Committee shall receive financial data on the PUMA Group, which will allow the tracking of developments in net assets, financial position, results of operations and the order books on a continual basis. The Audit Committee shall also deal with issues relating to the balance sheet and income statement and shall discuss these with the Management Board. In addition, when the internal audit projects are completed, the Audit Committee shall receive the audit reports, which must also include any actions taken. Sustainability issues are also of central importance. As a cross-sectional task, they affect the areas of responsibility of various committees. The Audit Committee deals with sustainability aspects in detail as part of its reporting and reports on them to the entire Supervisory Board. The members of the Audit Committee are Thore Ohlsson (Chair, expertise in the field of accounting/auditing), Héloïse Temple-Boyer (expertise in the field of accounting/auditing) and Bernd Illig.

The Sustainability Committee consists of three members. It meets once a year. In its area of responsibility, the Sustainability Committee advises and monitors operational sustainability issues as well as the sustainability strategy of the Management Board. The members of the Sustainability Committee are Fiona May (Chair), Héloïse Temple-Boyer and Martin Köppel.

The Nominating Committee has three members, who are representatives of the shareholders on the Supervisory Board. The Nominating Committee proposes suitable shareholder candidates to the Supervisory Board for its voting recommendations to the Annual General Meeting. The members of the Nominating Committee are Héloïse Temple-Boyer (Chair), Jean-François Palus and Fiona May.

The current composition of the committees can further be found in the Notes to the Consolidated Financial Statements (last chapter).

DIVERSITY CONCEPT FOR THE SUPERVISORY BOARD

A) OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of PUMA SE is composed in such a way that its members as a group possess the appropriate knowledge, skills and professional experience necessary for the proper performance of their duties. The composition of the Supervisory Board is primarily determined by appropriate qualification, taking into account diversity and the appropriate involvement of women. Based on Section C.1 of the Code 2020 and C.1 of the Code 2022, the Supervisory Board has set targets for its composition that have been fulfilled. In detail:

- The members of the Supervisory Board as a group have the experience and knowledge in the field of management and/or monitoring market-oriented companies as well as in the business segments and sales markets of PUMA. Details of this are presented under lit. B) of this chapter.
- A sufficient number of members have strong international backgrounds. This target has been clearly surpassed simply because of the international origins of Héloïse Temple-Boyer, Jean-François Palus, Thore Ohlsson and Fiona May.
- The Supervisory Board has an appropriate number of independent members. With Héloïse Temple-Boyer, Thore Ohlsson Jean-François Palus and Fiona May four out of six members of the Supervisory Board are considered independent.
  Neither the Code 2020 nor the Code 2022 contain a conclusive definition of independence regarding the shareholder representatives in the supervisory board, but rather list examples of circumstances that may indicate a lack of independence. It is the task of the supervisory board to assess the independence of the members of the supervisory board on the basis of these indications and evaluate whether a member has a personal or business relationship with the Company or its management board that may cause a substantial – and not merely temporary – conflict of interest. Against this backdrop, PUMA's Supervisory Board believes that there are currently no specific indications of relevant circumstances or relationships for any member of the Supervisory Board that could constitute a material and not merely temporary conflict of interest and that would therefore interfere with their independence.
  With regard to Supervisory Board members Héloïse Temple-Boyer and Jean-François Palus, the Supervisory Board is of the opinion that their functions as Directeur Général Délégué of Artémis S.A.S. do not impair their independence within the meaning of the Code 2020 and the Code 2022. Artémis S.A.S. is not a controlling shareholder, as Artémis S.A.S. is neither a majority shareholder nor does it have a de facto majority at the Annual General Meeting.
  With regard to the members of the Supervisory Board Mr. Thore Ohlsson and Mr. Jean-François Palus, the Supervisory Board believes that the length of their tenure as members of the Supervisory Board, which each exceeds 12 years, does not interfere with their independence within the meaning of the Code 2020 and the Code 2022 as it does not give rise to a material conflict of interest. This is due to the fact that Mr. Ohlsson and Mr. Palus currently hold positions in the management and supervisory boards of several other companies. They both have demonstrated a high level of professionalism during their long experience in the management of various companies and the Supervisory Board believes that both would avoid any circumstances that may give rise to conflict of interest. There are no other indications of a conflict of interest in Mr. Ohlsson's and Mr. Palus' person.
  Héloïse Temple-Boyer as the Chair of the Supervisory Board, Thore Ohlsson as the Chair of the Audit Committee and Héloïse Temple-Boyer as the Chair of the Personnel Committee are all considered independent from the Management Board, the Company and a controlling shareholder. No former member of the Management Board is member of the Supervisory Board.
- Due to his many years of experience in management and supervisory board functions at various stock corporations, particularly in the area of finance, Thore Ohlsson, the Chair of the Audit Committee, has special knowledge and experience in the application of accounting principles, internal control and risk management systems as well as in the auditing of financial statements. Héloïse Temple-Boyer and Jean-François Palus also bring this special knowledge with them. Héloïse Temple-Boyer acquired this knowledge during her many years of work in the financial sector (for example, for Rothschild Cie. Banque SCS, Groupe Casino S.A., Artémis S.A.S.) as well as her ongoing activity as Deputy CEO of Artémis S.A.S. Jean-François Palus gained the relevant expertise in the fields of accounting and

auditing during his activities as CFO and Group Financial Control Director in the Kering Group, among others. The knowledge described also includes sustainability reporting (Non-financial Report) and its audit and assurance.

- The members have sufficient time to perform his/her mandate in the Supervisory Board. Prior to each election proposal, the Supervisory Board examines whether the candidates concerned are able to complete the time required for the office.
- The Supervisory Board prevents potential significant and not only temporary conflicts of interest of its members by regularly monitoring and critically scrutinizing its members' other activities. There were no indications of actual conflicts of interest in the 2022 financial year. If a conflict of interest would occur each member of the Supervisory Board informs the Chair of the Supervisory Board without undue delay.
- According to Section 1(4) of the Rules of Procedure for the Supervisory Board, Supervisory Board members may, in principle, not be over 70 years of age and their maximum term of office may not exceed three terms. In setting this age limit, the Supervisory Board deliberately decided against a rigid maximum age limit and in favor of a flexible rule limit that provides the necessary leeway for an appropriate assessment of the circumstances of the individual case, sufficiently broadly defines the circle of potential candidates and also allows re-election. Thore Ohlsson has reached the statutory age limit. After careful consideration, he was nevertheless proposed by the Supervisory Board for re-election in 2018 in order to ensure the necessary continuity after the spin-off from Kering S.A. in the best interests of the Company. All other Supervisory Board members did not reach the standard age limit at the time of their election.

The current composition of the Supervisory Board implements the diversity concept.

B) PROFILE OF SKILLS AND EXPERTISE

The Supervisory Board has determined a competence profile for the entire Board. The implementation status is indicated in the following qualification matrix:






	Héloïse Temple-Boyer	Thore Ohlsson	Martin Koeppel	Jean-François Palus	Fiona May	Bernd Illig
Managing of large or mid-sized international companies	✓	✓		✓		
Leadership experience in the sporting or luxury goods industry	✓	✓		✓	✓	
International corporate background	✓	✓		✓	✓	
Leadership experience with various distribution channels, including e-commerce	✓	✓		✓		
Expertise in building strong international brands	✓	✓		✓	✓	
Marketing, sales and digital know-how	✓	✓		✓		
Financial expertise (accounting, auditing, treasury, risk management, corporate governance)	✓	✓		✓		
Expertise in serving on the Administrative or Supervisory boards of publicly listed companies	✓	✓		✓		
Experience with mergers & acquisitions	✓	✓		✓		
Understanding of the industrial constitution law and advocating the interests of the employees		✓	✓		✓	✓
HR expertise			✓	✓		✓
IT expertise			✓			✓
Expertise regarding sustainability issues	✓		✓		✓	

The Supervisory Board of PUMA SE is currently composed in such a way that it has the competence profile as an overall body.

C) COMMITMENTS TO PROMOTE THE PARTICIPATION OF WOMEN IN MANAGEMENT POSITIONS IN ACCORDANCE WITH ART. 9(1)C(II) OF THE SE REGULATION (SE-VO) IN CONNECTION WITH SECTION 76(4), SECTION 111(5) AKTG

The Supervisory Board shall define a target figure for the proportion of women on the Supervisory Board and the Management Board. The Management Board, for its part, shall set target figures for the proportion of women in the two management levels below the Management Board.

Target figures 2021

The Supervisory Board of PUMA SE has set a target figure of at least 2 women (33%) for the proportion of women on the Supervisory Board to be achieved by October 31, 2026.

For the Management Board, the Supervisory Board has set a target for the proportion of women

- of at least 1 woman (25%), provided that PUMA SE has four Management Board members;
- of at least 1 woman (20%), provided that PUMA SE has five Management Board members;
- of at least 2 women (33%), provided that PUMA SE has six Management Board members.

The implementation period for this target is October 31, 2026.

For PUMA SE, the Management Board has set a target of 30% for the first management level below the Management Board and 35% for the second management level below the Management Board. At Group level, the proportion of women is to amount to 30% for the first management level below the Management Board and to 40% for the second management level. The implementation deadline here, too, is October 31, 2026.

DIVERSITY CONCEPT FOR THE MANAGEMENT BOARD

The Supervisory Board and the Management Board promote an agile, open corporate culture in which the advantages of diversity are consciously utilized, and everyone can freely unfold their potential for the best of the Company. PUMA strives to fill Management Board positions and senior management positions primarily with people developed within the Company. This has been realized accordingly with the appointment of Arne Freundt as Chief Executive Officer and Maria Valdes as Chief Product Officer.

The Supervisory Board's decision regarding a particular appointment to the Management Board is always taken in consideration of the Company's best interests based on the professional and personal suitability of the candidate. It must be ensured that the members of the Management Board as a whole have the knowledge, skills and experience required for the best possible fulfillment of the tasks of a member of the Management Board of a sporting goods manufacturer such as PUMA. It is not necessary for every member of the Management Board to reflect the technical requirements laid out in the following. The diversity concept for the Management Board therefore stipulates that gender, internationality, age, educational background and experience must be taken into account in its composition:

- Gender

Until October 31, 2026, PUMA aims to have 25% women on the Management Board, provided that the Board has four Management Board members; 20% women on the Management Board, provided that the Board has five Management Board members; and 33% women on the Management Board, provided that the Board has six Management Board members. In order to achieve this goal, the Supervisory Board ensures that an appropriate proportion of female candidates are included on the succession lists within the framework of the internal global management structure for the development of junior staff for the Management Board. In the future, the participation of women in the Management Board is to be guaranteed in the event of a necessary replacement, in particular by giving special consideration to women in various equally qualified candidates. Insofar as external candidates are to be appointed, suitably qualified female candidates shall be considered in particular. The same applies to the filling of management functions. In order to involve women even more in management functions in the future, PUMA promotes the compatibility of family and career, for example through part-time and half-day models as well as flexible working hours and the provision of childcare places. With Anne-Laure Descours a woman is represented on the Management Board. As of the balance sheet date December 31, 2022, the proportion of women on the Management Board was therefore 25%. As of January 1, 2023, the proportion of women on the Management Board will be 50%, because Bjørn Gulden has left, and Maria Valdes has been appointed to the Management Board.

- Internationality

PUMA is a globally operating company. An appropriate number of board members must therefore have international experience either due to their origin or due to their many years of professional experience abroad. Notwithstanding the several years of international experience of all board members, this goal has been exceeded simply because of the international origins of Anne-Laure Descours, Bjørn Gulden (Management Board member until December 31, 2022) and Maria Valdes (Management Board member as of January 1, 2023).

- Age

The Supervisory Board ensures a balanced age structure in the Management Board. This is important to ensure the continuity of the Management Board's work and to facilitate smooth succession planning. In principle, members of the Management Board may not be older than 70 years. All members of the Management Board are below the standard age limit.

- Training and experience background

With regard to the educational and professional background, the selection of Management Board members should be based on the competencies required in the PUMA Management Board in general as well as for the respective Management Board with regard to corporate management, strategy development, finance and accounting, supply chain, sales and People & Organization. The same criteria apply here as were developed for the competence profile of the Supervisory Board. These competencies do not have to be acquired as part of university studies or other educational training, but may also have been acquired in other ways within or outside PUMA. The members of the board have all the above-mentioned competences.

The current composition of the Management Board implements the diversity concept.
L

RISK AND OPPORTUNITY REPORT

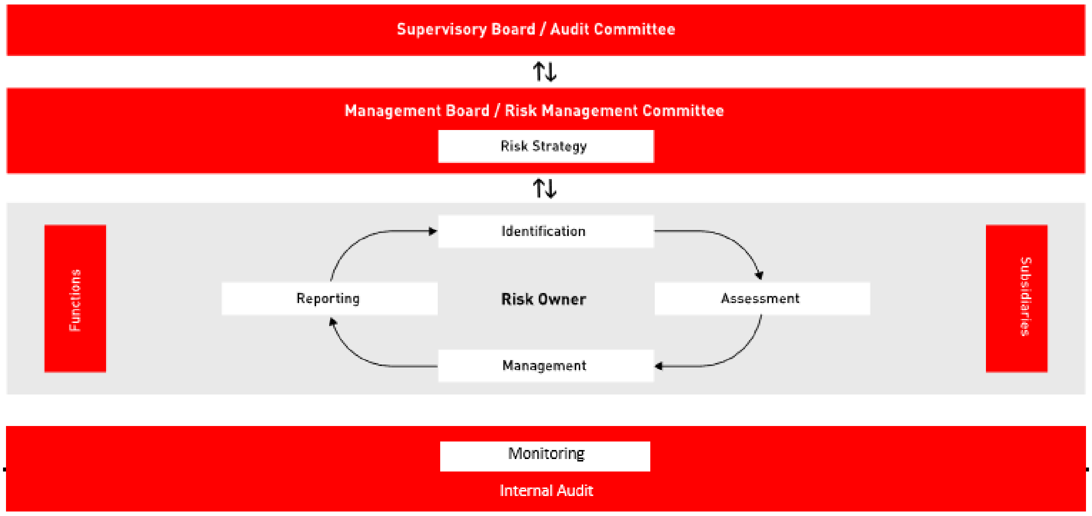
PUMA is continuously exposed to opportunities and risks in the competitive, fast-paced and international sport and lifestyle industry. The risk strategy is therefore to take business risks in a calculated manner in order to implement the corporate strategy with all its opportunities. For this purpose, effective risk and opportunity management is required so that opportunities can be recognized and utilized, and risks can be identified and managed at an early stage. We define risks as potential future developments or events that may lead to a negative deviation from targets for the company (see the "Risk Management System" section). Similarly, opportunities are potential future developments or events that may result in a positive deviation from targets.

RISK MANAGEMENT SYSTEM

PUMA takes a conscious and controlled approach to risks in order to achieve the company's goals. The aim of the risk management system is to identify and manage at an early stage material risks or risks that could even jeopardize the company's existence and thus support the achievement of the company's objectives. In addition, compliance with the related laws, regulations and standards must be ensured, as well as transparency in relation to the risk situation from the perspective of partners such as customers, suppliers and investors. Therefore, PUMA has established an appropriate and effective risk management organization which is able to identify risks at an early stage and manage them in accordance with the corporate strategy and promote risk awareness within the PUMA Group to facilitate risk-based decisions. As part of the organization, risks are looked at Group-wide, unless explicitly stated to the contrary. As in the previous year, PUMA's risk management system is based on a comprehensive, interactive and management-oriented approach to risk that is integrated into the company's organization and is based on the globally recognized COSO standard (Committee of Sponsoring Organizations of the Treadway Commission). Opportunity management is not part of the risk management system and is the responsibility of operational management teams in the respective regions, markets and departments (see the "Opportunities" section).

The Management Board of PUMA SE bears overall responsibility for the risk management system in accordance with Section 91(3) AktG. The Management Board regularly updates the Audit Committee of the Supervisory Board of PUMA SE. In addition, pursuant to Section 107(4), the Audit Committee has a direct right to information from the operational management departments. The Risk Management Committee, which consists of the PUMA SE Management Board and selected managers, is responsible for the design, review and adaptation of the risk management system. For the operational coordination of the risk management process and support of the risk officers, the risk management function of the Group Internal Audit, Risk Management & Internal Control department has been assigned to prepare the regular risk reporting to the Risk Management Committee. The responsibilities, tasks and processes of the risk management system are defined in guidelines. The structure and design of the risk management system are as follows:

↗ G.19 RISK MANAGEMENT SYSTEM

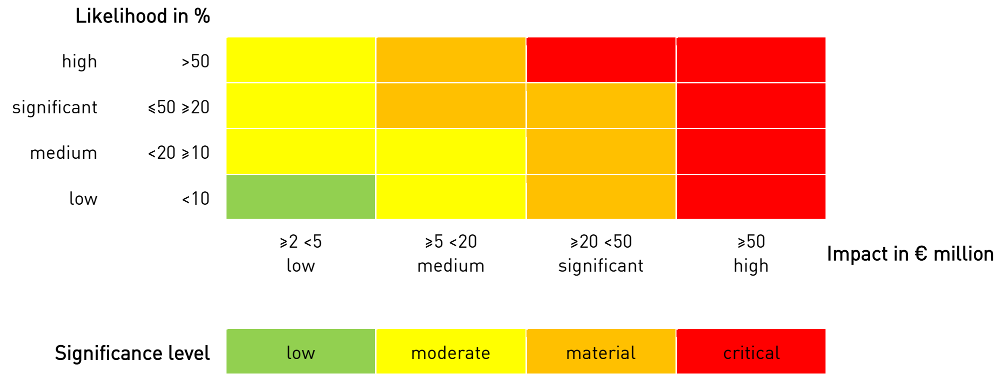


The risk owners are mainly the managers of the functional areas and the managing directors of the subsidiaries. Risks are identified company-wide by performing a bottom-up analysis within the risk owner's area of responsibility. These risks are regularly reported to the risk management function and/or the local monitoring bodies in structured interviews that take place every six months or during the year using established internal reporting channels.

The risks are evaluated and assessed in terms of probability of occurrence and extent of damage using quantitative criteria with the help of a systematic methodology. The quantitative criteria are represented in the form of risk classification ranges on a four-level scale. While the risk assessment of the probability of occurrence is measured as a percentage rate, the extent of damage is based on the planned operating result for the upcoming financial year. We follow a net risk approach, addressing the risks that remain after existing control measures have been implemented. The resulting risk assessments are presented as an aggregated risk group ("overall risk situation"). Thus, for the materiality assessment, the quantified risks are combined from their extent of damage and probability of occurrence and are classified in a comprehensive risk matrix with regard to their significance level (see graphic G.20), for internal monitoring and to assess their viability.

For example, a risk can be allocated within the most critical range, which may also include risks that could even jeopardize the company's existence, in the case that its assessment reflects a combination of highest bandwidth for extent of damage and probability. The overview of the risk groups is presented in table T.7, summarized in the order of their relative importance and their change during the year.

G.20 RISK MATRIX



Regular risk identification and assessment is carried out by the risk management function every six months with all major functional areas. The risks recorded and assessed are also reviewed with a top-down approach by the Risk Management Committee. This ensures that adequate consideration is given to interdependencies and the overall risk situation.

The risk owners are responsible for the operational management of identified risks. Risks can be managed by avoiding, reducing, diversifying or transferring the risk in order to achieve the targeted and acceptable residual risk. Within the reporting process, material risks or those which could even jeopardize the company's existence are coordinated with and managed by the Risk Management Committee or the Management Board, taking into account the risk-bearing capacity, which is also based on the planned operating income.

The methodology and structure of the risk management system are continuously monitored in terms of their appropriateness and effectiveness, and adapted or improved when required. This is carried out on the one hand by the Internal Audit department, as an independent audit body within the PUMA Group, and on the other hand through the utilization of the results of the auditor of PUMA SE, which assesses the early risk identification system annually for its fundamental suitability to be able to identify risks that endanger the company's existence at an early stage.

RISKS

The following explanations of risk groups are presented based on their relative importance for the financial year 2022.

MACROECONOMIC DEVELOPMENTS

As an internationally operating group, PUMA is exposed to global macroeconomic developments and the associated risks having an impact on our sales and sourcing markets. For example, economic developments in key sales markets may affect consumer behavior. This can have positive or negative effects on the planned sales and consolidated net earnings. Likewise, political changes, social developments and environmental events (such as natural disasters) can also be reflected in changes in legal and macroeconomic conditions.

In 2022, macroeconomic development was marked on the one hand by economic uncertainties (e.g. inflation, the energy crisis) and on the other hand by risks due to increased geopolitical tensions. There are a number of uncertain factors regarding Russia's invasion of Ukraine, particularly in relation to its extent and duration. Interruptions to the supply chain and increased raw material prices can have a negative impact on business development as well as planned sales and income.

Overall, we manage these challenges with geographic diversification and the development of alternative scenarios for the possible occurrence of serious events. This applies in particular to political developments and possible changes in legal framework conditions, which are continuously monitored by PUMA and incorporated into appropriate measures.

PANDEMIC (COVID-19)

PUMA first identified the COVID-19 pandemic as a new risk in the financial year 2020 and accordingly established the risk category "pandemic (COVID-19)." This risk was considered to be the most significant business risk for the PUMA Group. The effects of the COVID-19 pandemic continued to be assessed as a significant business risk in the financial year 2022, in particular with regard to the uncertainty about new virus variants, further lockdowns or supply chain disruptions that could restrict business activity. Potential future scenarios could lead to a decline in sales or challenges in the continuation of certain business activities.

Despite the ongoing challenges and uncertainties resulting from the pandemic (COVID-19), we are continuing to pursue the objective of surviving the crisis without hindering PUMA's mid-term growth. Different strategic approaches have been established to ensure the health and safety of our employees and customers, as well as continuous monitoring of the situation and possible restrictions. Close cooperation with partners and suppliers is essential here. In addition, the established e-commerce business forms an essential part of our distribution structure.

SOURCING AND SUPPLY CHAIN BUSINESS PARTNERS

The majority of PUMA products are produced in selected Asian countries, in particular in China, Vietnam, Cambodia, Bangladesh, Indonesia and India. In addition to the aforementioned challenges, production in these countries continues to be associated with significant risks for us. These risks arise, for example, from changes in sourcing, wage and logistic costs, supply bottlenecks for raw materials or components, and quality issues, as well as from the possibility of overdependence on individual suppliers.

The portfolio is regularly reviewed and adjusted to avoid creating a dependence on individual suppliers and sourcing markets. Generally, long-term master framework agreements are agreed upon to secure the required production capacities for the future. A quality control process and the direct and partnership-like collaboration with suppliers should permanently secure the quality and availability of our products.

Sourcing and the supply chain must also react to risks, such as changes in duties and tariffs as well as trade restrictions and government requirements. The transport of products to the distribution countries is also exposed to the risk of delays and failures by warehouse and logistics service providers.

We therefore continuously analyze political, economic and legal framework conditions and have further enhanced our close cooperation with our logistics partners in order to be able to react to changes in the supply chain early on and to continuously strengthen the supply chain. The collaboration with warehouse and logistics service providers is accordingly secured by selection processes, consistent contractual terms and permanent monitoring of relevant indicators.

In 2022, increased geopolitical tensions and the COVID-19 pandemic continued to cause disruptions and delays in relation to sourcing and the supply chain. In order to counteract this risk, we have further intensified the cooperation with our suppliers and logistics partners in order to be able to act flexibly and base our actions around finding the right solutions.

PRODUCT AND MARKET ENVIRONMENT

The risk posed by market-specific product influences, in particular the risk of substitutability in the highly competitive sport and lifestyle market, is countered by the early recognition and taking advantage of relevant consumer trends. Only those companies that identify these trends at an early stage will be able to gain an edge over their competitors. Brand image and brand desirability are of key importance for us, as consumer behavior can have a negative effect on the brand as well as a positive one. Accordingly, we have set the guiding principle that "We want to become the fastest sports brand in the world" in order to underline the company's long-term direction and strategy. The "Forever Faster" brand promise does not just stand for PUMA's product range as a sports and lifestyle company, but also applies to all company processes.

Media reports about PUMA also play a key role in brand image. For example, reports about the infringement of laws or internal/external requirements, product recalls and exposure on social media and reports about workforce diversity and tolerance can cause significant damage to brand image and ultimately result in the loss of sales and profit.

Targeted investments in product design and product development are to ensure that the characteristic PUMA design of the entire product range is consistent with the overall brand strategy ("Forever Faster"), thereby creating a unique level of brand recognition.

Brand image is particularly strengthened through cooperation with brand ambassadors who embody the core of the brand and PUMA's brand values ("brave," "confident," "determined" and "joyful") and have a large potential for influencing PUMA's target group. We additionally counter this risk through careful press, social media and public relations work as well as by monitoring the press and social media environment. This is managed from the group headquarters in Herzogenaurach, Germany, and the subsidiary in the U.S. PUMA also continuously seeks open discussions with important external stakeholders. For example, PUMA launched an initiative in 2022 to bring together young activists, NGOs and industry experts to discuss the biggest challenges facing the fashion industry ("PUMA's Conference of People").

CURRENCY RISKS

As a group that operates internationally, PUMA is exposed to transactional foreign currency risks such that the quoted currencies used for acquisition, disposal and credit transactions and for receivables do not match the functional currency of the Group companies.

PUMA's biggest sourcing market is Asia, where most payments are settled in US dollars (USD), while sales of the PUMA Group are mostly invoiced in other currencies. PUMA manages currency risk in accordance with internal guidelines. Material risks are hedged, in accordance with the Group directive, up to a hedging ratio of 95% of the estimated foreign currency risks from expected acquisition and disposal transactions over the next 12 to 15 months. Forward exchange contracts and currency options, usually with a term of around 12 months from the reporting date, are used to hedge the foreign currency risk. For significant risks that are subject to large hedging costs, high hedging ratios can only be achieved over shorter terms.

To hedge signed or pending contracts against currency risk, PUMA only concludes currency forward contracts and currency options on customary market terms with reputable international financial institutions. As of the end of 2022, the net requirements for the 2023 planning period were adequately hedged against currency effects.

Foreign exchange risks may also arise from intra-group loans granted for financing purposes. Currency swaps and currency forward transactions are used to hedge currency risks when converting intra-group loans denominated in foreign currencies into the functional currencies of the group companies (EUR).

In order to disclose market risks, IFRS 7 requires sensitivity analysis that show the effects of hypothetical changes in relevant risk variables on earnings and equity. The periodic effects are determined by relating the hypothetical changes caused by the risk variables to the balance of the financial instruments held as of the balance sheet date. The underlying assumption is that the balance as of the balance sheet date is representative for the entire year.

Currency risks as defined by IFRS 7 arise on account of financial instruments that are denominated in a currency which differs from the functional currency and are monetary in nature. Differences resulting from the conversion of the individual financial statements to the group currency are not taken into account. All non-functional currencies in which the Group employs financial instruments are generally considered to be relevant risk variables.

The currency sensitivity analysis is based on the net balance sheet risk denominated in foreign currencies. This also includes intra-company monetary assets and liabilities. Outstanding currency derivatives are also reassessed as part of the sensitivity analysis. It is assumed that all other influencing factors, including interest rates and raw material prices, remain constant. The effects of the forecasted operating cash flows are also ignored.

Currency forward contracts, used to hedge against payment fluctuations caused by exchange rates, are part of an effective cash-flow hedging relationship pursuant to IAS 39. Changes in the exchange rate of the currencies underlying these contracts have an effect on the hedge reserve in equity and on the fair value of these hedging contracts.

PROJECTS

The organizational structure of PUMA, with its group headquarters in Herzogenaurach, having a central sourcing organization and globally positioned distribution companies, underlines the group's global orientation. This results in a risk for us that the flows of goods and information are not sufficiently supported by modern warehouse, logistics and IT infrastructure. For this reason, existing business processes must be continually optimized and aligned with business needs. This is carried out systematically through targeted optimization projects, which are planned and managed centrally by the specialized departments.

INFORMATION TECHNOLOGY

The ongoing digitalization of the business environment exposes PUMA to risks in information technology. Key business procedures and processes have the potential to be significantly disrupted by the failure of IT systems and networks, and external attacks (cyberattacks) or incorrect conduct may result in the loss of confidential and sensitive data as well as high costs, loss of sales and reputational damage.

To mitigate these risks, we continuously carry out technical and organizational measures and invest in the renewal and security of our IT landscape. IT systems are regularly checked, maintained and undergo security tests. In addition, all employees are continuously sensitized using guidelines and performing training courses and information campaigns.

DISTRIBUTION STRUCTURE

PUMA utilizes various distribution channels, such as the traditional wholesale business with our retail partners and the PUMA-owned and operated retail and e-commerce business ("Direct-to-consumer business) to reduce its dependency on individual distribution channels. The wholesale business is defined by strong partnerships and represents the largest revenue share overall. The company's own retail and e-commerce business is intended to ensure a higher gross profit margin, better control on distribution and presentation of PUMA products exclusively in the desired brand environment.

In the wholesale business, growing retailers, including those offering their own brands, and competitors pose the risk of intensified competition for consumers and market shares. Consumer purchase behavior is also changing, focusing more on e-commerce and a combination of stationary and digital trade. This requires continuous adjustment of the distribution structure. Distribution through the company's own retail stores and e-commerce channels is, however, also associated with various risks for us. These include the necessary investments in expansion and infrastructure, setting up and refurbishing stores, and higher fixed costs and leases with long-term lease obligations. This can have an adverse impact on profitability in the event of a business decline.

In order to avoid risks, we carry out permanent monitoring of distribution channels and regular reporting by the Controlling and specialized departments. A detailed location and profitability analysis is carried out in our distribution channels before making any investment decision. The company's reporting and controlling system allows us to detect negative trends early on, and to take the countermeasures required to manage individual stores. In e-commerce, global activities are harmonized and investments in the IT platform are made to further optimize purchase transaction settlement and further improve the shopping experience for consumers.

SUSTAINABILITY

Sustainability topics are highly important in sourcing as well as along the entire value chain. Climate change and the resulting increase in customer requirements with regard to sustainability have led to a stronger ecological focus in our product range, both at our own locations and along the production and supply chain. A more efficient use of resources, reduction in greenhouse gas emissions and compliance with environmental standards as well as the increased use of sustainable materials and environmentally friendly chemicals in production are crucial parts of our sustainability strategy.

PUMA's sustainability report (the Non-financial Report) for the financial year 2022 will be available by April 30, 2023 at the latest on the following page of our website: https://about.PUMA.com/en/investor-relations/financial-reports.

Furthermore, important sustainability information can always be found in the Sustainability section on PUMA's website: http://about.PUMA.com/en/sustainability

MONITORING OF WORKING CONDITIONS

An important aspect of corporate responsibility is maintaining and monitoring working conditions and human rights along the entire value chain. ILO (International Labor Organization) core labor standards form an essential part of this; however, monitoring our suppliers to ensure they do not use hazardous chemicals in production is just as important. Non-compliance by suppliers would also violate our requirements and lead to negative media reports and potentially to a loss of sales.

Adherence to applicable standards is ensured through regular audits of supplier companies.

LEGAL

As an internationally operating group, PUMA is exposed to various legal risks. These include contractual risks or the risk that a third party could assert claims and litigation for infringement of its trademark rights, patent rights or other rights. Counterfeit products in particular can undermine consumer confidence in the brand and damage PUMA's brand image.

The continuous monitoring of contractual obligations and the integration of internal and external legal experts in contractual matters should ensure that any legal risks are avoided. The PUMA team is responsible for protecting our intellectual property in order to combat brand piracy. This not only ensures that we have a strong global portfolio of property rights, such as brands, designs and patents, but also works closely with customs and police forces and provides input regarding the implementation of effective legislation to protect intellectual property.

COMPLIANCE

PUMA is exposed to the risk that employees will violate laws, directives and company standards (compliance violations). These risks, such as theft, fraud, breach of trust, embezzlement and corruption, as well as deliberate misrepresentations in financial reporting, may lead to significant monetary and reputational damage.

Therefore, we use various tools to manage these risks. This includes an integrated compliance management system, the internal control system, group controlling and the internal audit department. As part of the compliance management system, awareness measures are carried out regarding critical compliance topics, such as corruption prevention and cartel law, and corresponding guidelines and a global network of compliance officers are introduced in the group. PUMA employees also have access to a whistleblowing system for reporting unethical behavior.

TAX

In an international business environment, applicable tax regulations must be met. By means of appropriate internal rules of conduct, employees are required to comply with and adhere to the relevant tax regulations. In addition to compliance with national tax regulations to which the individual group companies are subject, there are increasing risks related to intra-group transfer pricing, which must be applied for various internal business transactions in accordance with the arm's length principle between individual group companies.

In all tax areas PUMA has taken adequate precautions with internal and external tax experts in order to comply with the relevant tax regulations, but also to be able to react to changes in the constantly changing tax environment. For the group-internal transfer prices, a corresponding documentation exists which is aligned with international and national requirements and standards. There are guidelines and specifications for determining transfer prices for intra-group transactions that are customary for foreign companies, which comply with the applicable internal procedural rules and are binding for employees who act on behalf of the group. By means of internal tax reporting, external and internal tax experts are able to control and monitor tax developments at PUMA on an ongoing basis. Both, the Management Board and the Supervisory Board, are continuously informed about tax developments at PUMA in order to identify and avoid tax risks as early as possible.

PERSONNEL DEPARTMENT

The creative potential, commitment and performance of PUMA employees are important factors for successful business development. We encourage independent thinking and action, which are key in an open corporate culture with flat hierarchies.

Our human resources strategy seeks to ensure this successful philosophy on a long-term and sustainable basis. To achieve this goal, a control process is in place to detect and assess human-resource risks. Any shortfall in staffing, whether quantitative and/or qualitative in nature, may lead to inadequate performance of tasks that are essential for achieving general business activities and/or company goals in the departments concerned. In addition, there is still strong competition for highly qualified personnel. Accordingly, PUMA pays particular attention to talent management, identifying key positions and talent, ensuring this talent is positioned optimally and succession planning. We have also instituted additional national and global regulations and guidelines to ensure compliance with legal provisions and safeguard the health and safety of our employees. We will continue to make targeted investments in the human-resource needs of particular functions or regions in order to meet the future requirements of our corporate strategy.

LIQUIDITY AND INTEREST RATE RISKS

PUMA continually analyses short-term capital requirements by rolling cash flow planning at the level of the individual companies in coordination with the central Treasury department. In order to ensure the company's solvency, financial flexibility and a strategic liquidity buffer, PUMA maintains, for example, a liquidity reserve in the form of cash and confirmed credit facilities. In this respect, as of December 31, 2022, the PUMA Group had unused credit lines totaling € 943.7 million.

Medium and long-term funding requirements that cannot be directly covered by net cash from operating activities are financed by taking out medium and long-term loans. For this purpose, various promissory note loans were issued in several tranches with fixed and variable coupons and different remaining terms. The utilized promissory note loans amount to a total of € 311.5 million as of December 31, 2022 and have a remaining term of between one and four years.

Changes in market interest rates around the world have an impact on future interest payments for variable interest liabilities. As PUMA does not have any significant variable interest liabilities, any significant interest-rate increases are not likely to have a material negative impact on the business development of PUMA. Interest rate hedging instruments are therefore not required.

DEFAULT RISKS

Due to its business activities, PUMA is exposed to default risk on trade receivables. The default risk is managed by continuously monitoring outstanding receivables and recognizing impairment losses, where appropriate. The default risk is limited, if possible, by credit insurance. The maximum default risk is reflected by the carrying amounts of the financial assets recognized in the balance sheet. In addition, default risks also arise to a lesser extent from other contractual financial obligations of the counterparty, such as bank balances and derivative financial instruments.

RISK OVERVIEW TABLE

The following table summarizes the risk groups described above based on their relative importance (significance level) and any changes during the year:

↗ T.7 OVERVIEW OF RISK GROUPS

Risk Groups	Classification	Description	Significance level	Change compared to previous year
Macroeconomic Developments	Strategic	e.g. economic development, political situation, geopolitical tensions	Critical	↗
Pandemic (COVID-19)	Strategic	e.g., store closures, supply problems, health of employees and customers	Critical	→
Business Partners	Operational	e.g., raw material bottlenecks, supply chain disruptions, sourcing and logistic costs, quality problems	Critical	→
Product and Market Environment	Strategic	e.g., trends, customer requirements, brand image, media reports	Material	→
Currency Risk	Financial	e.g., exchange rate fluctuations	Material	↗
Projects	Strategic	e.g., IT infrastructure, construction projects	Material	→
Information Technology	Operational	e.g., cyberattacks, network and system failures	Material	→
Distribution Structure	Strategic	e.g., change in the distribution landscape	Material	→
Sustainability	Regulatory	e.g., climate change, environmental standards	Material	→
Working Conditions	Regulatory	e.g., labor law, human rights, German Supply Chain Due Diligence Act	Material	→
Legal	Regulatory	e.g., trademark law, patent law, counterfeit products	Material	→
Compliance	Regulatory	e.g., fraud, corruption	Material	→
Tax	Financial	e.g., transfer prices	Material	→
Personnel Department	Operational	e.g., key positions, employee retention, health & safety	Moderate	→
Liquidity and Interest Rate	Financial	e.g., cash, credit lines, custody fees, interest rate developments	Moderate	→
Default Risk	Financial	e.g., payment claims against customers	Moderate	→

OPPORTUNITIES

Opportunities should be identified by PUMA at an early stage, assessed and - where possible - used. Due to the close connection to the relevant goals, identified opportunities are incorporated into planning by Controlling. Operational management teams in the respective regions, markets and departments are responsible for opportunity management. PUMA has identified or rather defined the following key opportunity categories for the planning period and beyond.

Macroeconomic conditions are currently being shaped by an extremely uncertain geopolitical, wider economic and competitive environment. Russia's attack on Ukraine, the global energy crisis, ongoing inflation and rising interest rates are leading to uncertainty in consumer behavior and volatility in demand. In response, PUMA will continue to focus on overcoming short-term challenges without adversely affecting the positive brand momentum in the mid-term. Here, it is essential to focus on providing the best possible service to retail partners and consumers in order to further strengthen the mutual trust that has been established, even in challenging times. PUMA's outlook for 2022 of currency-adjusted sales growth in the mid-teen percent range and an operating result (EBIT) in the range of € 600 million to € 700 million (2021: € 557 million), with a corresponding improvement in consolidated net earnings, was confirmed despite a very challenging environment. Strategically, sales growth and increasing market share take precedence over short-term profit optimization.

Ongoing restrictions caused by the COVID-19 pandemic continue to have a stronger impact on the Greater China region. It can be assumed, however, that the restrictions, e.g. in the form of lockdowns, will be less extensive in the future than in previous years in other regions of the world. The positive development of the sports and leisure sector continued in 2022. If PUMA succeeds in maintaining its current momentum and achieving its mid-term growth potential, the company has an opportunity to further increase its market share. Our lifestyle products continue to enjoy strong relevance and demand across all age groups and regions. We have also made great progress in the performance product sector in recent years and have significantly improved our market position, particularly in the running, fitness, basketball, golf and football sectors. PUMA's product range is being continuously optimized and further developed in all sectors. It is also being expanded, for example, by the successful launch of our first outdoor collection ("PUMA Seasons") and our entry into the sport of padel-tennis in 2022. An increasing rise in visitor numbers at national sporting competitions and international sporting events is to be expected, such as the Women's Football World Cup in Australia/New Zealand, the World Athletics Championship in Hungary, the World Men's Handball Championship in Poland and the Men's Basketball World Cup in Japan/Indonesia/the Philippines. The major global interest in sporting events is likely to help support the growth of the sporting goods industry. We are also continuing to see an undiminished trend toward a healthier lifestyle, greater sporting participation and more casual clothing, which opens up corresponding opportunities for our industry.

In terms of the distribution structure, the COVID-19 pandemic has significantly accelerated the growth of the e-commerce business, particularly with regard to local market coverage. In 2022, a dedicated PUMA shopping app was also developed for the global e-commerce business and successfully introduced in the USA, India and the United Kingdom. The introduction of the PUMA shopping app in other markets is planned for the coming years and will open up further opportunities regarding customer loyalty and sales growth. Stronger partnerships in the wholesale business also offer opportunities for future business development. New sales formats and improvements to the shopping experience in our own retail stores can also lead to positive business prospects. In terms of distribution, optimizing delivery capacity through new, state-of-the-art multi-channel distribution centers in key markets also continues to support business development.

In information technology, improved, tailored communication with customers via digital channels and new ways of presenting products, for example, offer opportunities. In addition, new or more efficient processes may add value or result in cost optimization. The digitalization of key business processes, for example relating to product design and the purchasing process of our wholesale customers, will continue to be advanced in order to take advantage of market opportunities through greater efficiency and effectiveness.

With end customers paying more attention to sustainability, there is an opportunity to make further progress with existing PUMA activities and improve communication in this area, which could increase demand for sustainable products. PUMA once again performed very well in key sustainability rankings in 2022 and was labeled the most sustainable brand by Business of Fashion, for example – this strong positioning, along with improved communication, opens up opportunities in this important area. For example, PUMA organized the "Conference of the People" for the first time in 2022 to discuss solutions with experts from across the industry and also with young consumers for achieving a more sustainable sporting goods industry.

OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY SITUATION

The assessment of the overall risk and opportunity situation of the Group and PUMA SE is the result of a consolidated view of the risk and opportunity categories described above for the financial year 2022. Similar to the description in our 2021 Combined Management Report, our assessment of PUMA's overall risk situation this year is again predominantly influenced by geopolitical tensions and the ongoing impact of the COVID-19 pandemic on the economy as a whole, as described above, and is focused on the major challenges these pose. The Management Board is currently not aware of any material risks that, either individually, on an aggregated basis or in combination with other risks, could jeopardize the continued existence of the Group and PUMA SE.

However, we cannot exclude the possibility that in the future influencing factors, of which we are currently unaware or which we currently do not consider to be material, could have a negative impact on the continued existence of the Group or PUMA SE or individual consolidated companies. Also due to the extremely solid balance sheet and the positive business outlook, the Management Board does not see any significant threat to the continued existence of the PUMA Group and PUMA SE.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AS IT RELATES TO THE GROUP'S ACCOUNTING PROCESS

The Management Board of PUMA SE is responsible for the preparation and accuracy of the annual financial statements, the consolidated financial statements and the combined management report of PUMA SE. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards that apply in the EU, the requirements of the German Commercial Code (HGB), the German Stock Corporation Act (AktG) and the German SE Implementation Act (SEAG). Certain disclosures and amounts are based on current estimates by the Management Board and the management.

The Management Board is responsible for maintaining and regularly monitoring a suitable internal control and risk management system covering the consolidated financial statements and the disclosures in the combined management report. This control and risk management system is designed to ensure the compliance and reliability of the internal and external accounting records, the presentation and accuracy of the consolidated financial statements, and the combined management report and the disclosures contained therein. It is based on a series of process-integrated monitoring steps and encompasses the measures necessary to accomplish these, such as internal instructions, organizational and authorization guidelines, the relevant company guidelines and handbooks, a clear separation of functions within the Group and the dual-control principle. The adequacy and operating effectiveness of these measures are regularly reviewed by the Group Internal Audit, Risk Management & Internal Control Department.

For monthly financial reporting and consolidation, PUMA has a group-wide reporting and controlling system that makes it possible to regularly and quickly detect deviations from projected figures and accounting irregularities and, where necessary, to take countermeasures.

By means of established internal reporting channels, the risk management system can regularly identify events that could affect the Group's economic performance and its accounting process so that it can analyze and evaluate the resulting risks and take the necessary actions to counter them.

In preparing the consolidated financial statements and the combined management report, it is sometimes necessary to make assumptions and estimates based on the information available at the time the financial statements and management report are prepared that affect the amount, presentation and explanation of recognized assets and liabilities, income and expenses, contingent liabilities and other reportable information.

The Audit Committee of the Supervisory Board meets on a regular basis with the independent statutory auditors, the Management Board and the Group Internal Audit, Risk Management & Internal Control Department to discuss the results of the internal audits and statutory audits with reference to the internal control and risk management system as it relates to the accounting process. At the annual meeting on the financial statements, the auditor reports to the Supervisory Board (including the Audit Committee) on the results of the audit of the annual and consolidated financial statements.

INTERNAL CONTROL SYSTEM

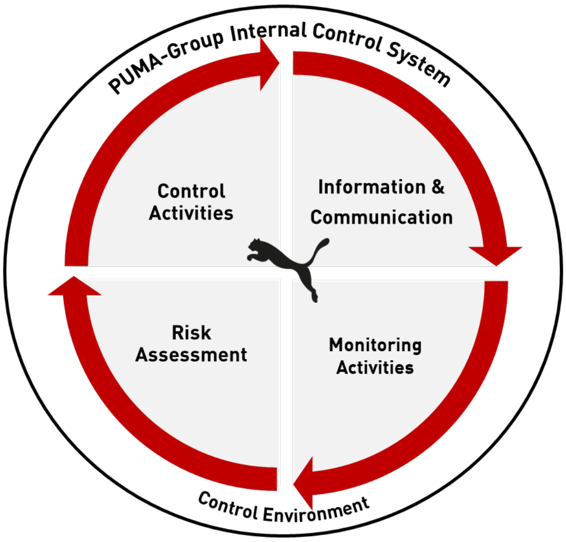
PUMA's internal control system applies to all employees throughout the Group as it incorporates the principles, procedures and measures established by PUMA Group management. All essential business processes that support the organizational implementation of management decisions must be taken into account.

Within the PUMA Group, the methodology of the internal control system is based on the COSO Framework, which describes internal management and monitoring considerations for key processes within the company. Its purpose is to support the objectives of ensuring proper financial reporting, improving the efficiency and effectiveness of the processes and maintaining compliance with legal framework conditions.

The PUMA control framework is applied uniformly to the entire Group. The requirement here is to manage the significant risks through appropriate control activities. The objective is to continuously improve the internal control system and to identify specific risks and potential for improvement in the control environment at process level in order to define appropriate recommendations for action and enable these to be timely implemented by the process owners. Independent monitoring bodies such as the Supervisory Board and the Audit Committee help ensure that the control environment remains up-to-date. The Management Board of PUMA SE bears overall responsibility for the internal control system. The Management Board regularly updates the Audit Committee of the Supervisory Board of PUMA SE. The internal control function of the Group Internal Audit, Risk Management & Internal Control Department has been tasked with preparing regular reports for the Management Board in order to help coordinate the internal control system from an operational perspective. The responsibilities, tasks and processes of the internal control system are defined in guidelines.

With regard to the PUMA control framework, the following five core components must be kept in mind: control environment, risk assessment, control activities, information and communication, and monitoring activities.

G.21 INTERNAL CONTROL SYSTEM



The internal control system is based on the control environment established within the PUMA Group, in that it lays out principles for employee and management behavior within the company. The standards practiced are underpinned by internally formalized procedures and by clear guidelines on giving instructions and authorizations to do so. Together with external regulations, these internal standards form a control environment that applies to all employees of the PUMA Group.

As described in the previous section headed "Risk Management," the PUMA Group is also subject to a large number of risks that may potentially impact on company goals. Risk identification and assessment is carried out every six months in order to manage material risks at Group level. Using the resulting risk portfolio, the objective of the internal control system is to ensure that the compensating control measures fully correspond to the risk assessment/evaluation. In addition, the internal control system's risk assessment also includes a large number of more detailed risks in day-to-day operations – for example, operational activities in accordance with compliance regulations.

Control activities serve to counteract the identified business risks. In order to ensure that the control framework is continuously up-to-date and to monitor its application in business processes, an annual "Internal Control Self-Assessment" (ICSA) is completed by the key business units of the PUMA Group. The internal control function ensures that the key business units - at parent and subsidiary company level - are included in the ICSA. The managers of these business units evaluate the specified control objectives of the PUMA Group in relation to their business area. When doing so, the existing control framework is assessed based on internal and external guidelines and best-practice standards. The response indicates the degree to which the control objectives have been implemented. This is communicated to the Management Board via established reporting channels. The results of the ICSA are also reported to the Audit Committee and the statutory auditors, and are used by the internal audit function of the Group Internal Audit, Risk Management & Internal Control Department in risk-oriented audit planning.

The purpose of informing and communicating potential business risks and control activities is to help make sound business decisions, with the information required to do so being accessible within an appropriate and timely framework. Established communication channels are continuously used in the PUMA Group to achieve this. The internal control function coordinates awareness training and regular coordination meetings in order to continuously guarantee, and also strengthen, its cooperation with the Management Board and other managers of business units.

The use of a standardized software system as the basis for monitoring activities is intended to ensure the systematic and uniform implementation of ICSA across the entire company. The internal control function analyses the results of the ICSA and derives recommended actions, which are coordinated with the managers of the business units and the implementation status of which is reviewed continuously.

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The Management Board also monitors the effectiveness of the risk management and internal control system in a holistic manner. Accordingly, key aspects of the systems are reviewed on a quarterly basis as part of cyclical reporting. This is to ensure that material risks are managed with an appropriate level of transparency, that individual issues are discussed in an appropriate form and can be tracked, and that possible improvements to the systems are considered. Supported by an established control environment, the continuous system monitoring and improvement reflects the PUMA Group's open risk culture. During the reporting period, PUMA SE was not aware of any relevant circumstances that cast doubt on the adequacy and effectiveness of the risk management and internal control systems nor that had not been rectified by the balance sheet date. Nevertheless, it is worth noting that even systems that have been characterized as appropriate and effective are subject to inherent limitations. As such, it is not possible to guarantee the complete prevention of any procedural violations and/or risks actually arising.

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OUTLOOK REPORT

GLOBAL ECONOMY

In their winter forecast dated December 21, 2022, experts at the Kiel Institute for the World Economy (IfW Kiel) expect global gross domestic product (GDP) to increase by only 2.2% in 2023, following growth of 3.2% in 2022. According to IfW Kiel experts, the expected slowdown in the global economy is due to the growing dominance of slowing effects, resulting primarily from the financial environment. Higher financing costs are slowing investment and consumption. In many countries, the financial cycle also seems to be entering a new phase. Real estate prices are now falling after a long period of significant rises. When the financial cycle enters a new phase, financial imbalances often appear, which further slow economic activity. IfW Kiel experts forecast that economic output in the United States will decline in 2023 and that the Eurozone is also on the threshold of a recession. For the Chinese economy, the departure from the zero-COVID policy presents both opportunities and risk. Overall, the risks of this economic forecast for 2023 are likely to increasingly arise in the financial environment, in the opinion of IfW Kiel experts. In addition, energy supply and energy prices continue to represent a risk for the forecast.

SPORTING GOODS INDUSTRY

Provided that the geopolitical environment and the continued course of the COVID-19 pandemic do not result in a renewed significant negative impact on the macroeconomic conditions, we expect the sporting goods industry to grow in 2023. We expect demand for sporting goods to increase in 2023 as the trend toward increased sports activities and healthier lifestyles continues and becomes even more significant as a result of the COVID-19 pandemic. This applies equally to the increasing popularity of athletic footwear and leisure/athletic apparel as an integral part of everyday fashion ("athleisure"). In addition, we assume that major sporting events in 2023, such as the World Athletics Championship in Hungary, the Men's Basketball World Cup in Japan, Indonesia and the Philippines, and the Women's Football World Cup in Australia and New Zealand, will help to support growth in the sporting goods industry.

OUTLOOK 2023

PUMA achieved another record in sales and operating result (EBIT) in the financial year 2022. We delivered the strong growth based on our continued brand momentum, successful product launches and the best possible service for our athletes, retail partners and consumers. As people make the difference, a significant part of our momentum is due to our very engaged employees.

Despite the strong growth in 2022, we continue to face a high degree of geopolitical, macroeconomic and commercial uncertainty. The war in Ukraine, the threat of recession, high inflation and high interest rates are resulting in volatile retailer and consumer demand. In addition, we are seeing increased inventory levels across our industry, which contribute to a competitive market environment.

Considering PUMA's strong momentum, we expect currency-adjusted sales growth in the high single-digit percentage range and operating result (EBIT) in a range of € 590 million to € 670 million (2022: € 641 million) for the financial year 2023. PUMA's net earnings are expected to change accordingly.

The development of the gross profit margin and OPEX ratio will largely depend on the extent and the duration of the negative impacts described above. Given the timing of these unfavorable factors, we expect the gross profit margin to be under more pressure in the first half of the year than in the second half. For the full year 2023, PUMA expects currencies, higher freight rates and raw material prices to again dilute profitability.

As in previous years, PUMA will continue to focus on managing short-term challenges without compromising the mid- and long-term momentum of the brand. Our sales growth and market share gains will have priority over short-term profitability. The exciting product range for 2023 and the very good feedback from retail partners as well as consumers make us confident for the mid- and long-term success and continued growth of PUMA.

INVESTMENTS

Investments in fixed assets of around € 330 million are planned for 2023. The majority of these investments will be in infrastructure in order to create the operating conditions required for the planned long-term growth. The investments mainly concern own distribution and logistics centers, investments in administrative buildings and further investments in the expansion and modernization of the Group's own retail stores.

FOUNDATION FOR LONG-TERM GROWTH

The Management Board and the Supervisory Board have set long-term strategic priorities. Action plans are being implemented in a targeted and value-oriented manner. We believe that the corporate strategy "Forever Faster" provides the basis for mid- and long-term positive development.

Herzogenaurach, February 2, 2023

The Management Board

Freundt	Hinterseher	Descours	Valdes

This is a translation of the German version. In case of doubt, the German version shall apply.

CONSOLIDATED FINANCIAL STATEMENTS

PUMA SE

for the financial year 2022

– International Financial Reporting Standards –

IFRS

CONSOLIDATED FINANCIAL STATEMENTS

T.01 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	12/31/2022 € million	12/31/2021 € million
ASSETS			
Cash and cash equivalents	3	463.1	757.5
Inventories	4	2,245.1	1,492.2
Trade receivables	5	1,064.9	848.0
Income tax receivables	22	54.0	37.8
Other current financial assets	6	137.4	153.4
Other current assets	7	235.9	200.9
Current assets		**4,200.4**	**3,489.8**
Deferred tax assets	8	295.0	279.9
Property, plant and equipment	9	592.2	472.4
Right-of-use assets	10	1,111.3	940.5
Intangible assets	11	506.5	471.9
Other non-current financial assets	12	58.4	64.6
Other non-current assets	12	8.8	9.1
Non-current assets		**2,572.3**	**2,238.4**
Total assets		**6,772.7**	**5,728.3**

	Notes	12/31/2022 € million	12/31/2021 € million
LIABILITIES AND EQUITY			
Current financial liabilities	13	75.9	68.5
Trade payables	13	1,734.9	1,176.4
Income taxes	22	86.8	85.7
Current lease liabilities	10	200.2	172.3
Other current provisions	16	50.3	47.9
Other current financial liabilities	13	76.1	64.4
Other current liabilities	13	618.9	549.0
Current liabilities		**2,843.0**	**2,164.5**
Non-current lease liabilities	10	1,030.3	851.0
Deferred tax liabilities	8	42.0	48.8
Pension provisions	15	22.4	31.9
Other non-current provisions	16	29.5	37.9
Other non-current financial liabilities	13	265.3	314.1
Other non-current liabilities	13	1.4	1.5
Non-current liabilities		**1,390.9**	**1,285.3**
Subscribed capital	17	150.8	150.8
Capital reserve	17	90.8	86.4
Other reserves	17	2,253.6	2,002.9
Treasury stock	17	-23.5	-26.9
Shareholders' equity		2,471.7	2,213.3
Non-controlling interests	17, 28	67.1	65.2
Total equity		**2,538.8**	**2,278.5**
Total liabilities and equity		**6,772.7**	**5,728.3**

T.02 CONSOLIDATED INCOME STATEMENT

	Notes	2022 € million	2021 € million
Sales	19, 4	**8,465.1**	**6,805.4**
Cost of sales	24	-4,562.3	-3,547.6
Gross profit	24	**3,902.7**	**3,257.8**
Royalty and commission income		33.8	23.9
Other operating income and expenses	20	-3,295.9	-2,724.6
thereof impairment losses on trade receivables and other financial assets	5	*-4.4*	*0.2*
Operating result (EBIT)		**640.6**	**557.1**
Financial income	21	79.4	29.9
Financial expenses	21	-168.3	-81.7
Financial result		**-88.9**	**-51.8**
Earnings before taxes (EBT)		**551.7**	**505.3**
Taxes on income	22	-127.4	-128.5
Consolidated net earnings for the year		**424.4**	**376.8**
attributable to:			
Non-controlling interests	17, 28	70.9	67.2
Net earnings attributable to shareholders of PUMA SE		**353.5**	**309.6**
Earnings per share (€)	23	2.36	2.07
Earnings per share (€) – diluted	23	2.36	2.07
Weighted average shares outstanding (million)	23	149.65	149.59
Weighted average shares outstanding, diluted (million)	23	149.66	149.60

↗ T.03 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2022	2021
		€ million	€ million
Consolidated net earnings before attribution		**424.4**	**376.8**
Currency changes		68.5	43.8
Net gain/loss on cash flow hedges, net after tax		-64.5	165.6
Items expected to be reclassified to the income statement in the future		**4.0**	**209.4**
Remeasurements of the net defined benefit liability, net after tax		7.6	4.2
Neutral effects financial assets through other comprehensive income (FVTOCI), net after tax		-3.4	-6.2
Items not expected to be reclassified to the income statement in the future		**4.2**	**-2.0**
Other comprehensive income		**8.2**	**207.4**
Comprehensive income		**432.6**	**584.1**
attributable to:	Non-controlling interests	75.0	71.5
	Shareholders of PUMA SE	357.6	512.6

T.04 CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2022 € million	2021 € million
Operating activities			
Earnings before taxes (EBT)		551.7	505.3
Adjustments for:			
Depreciation and impairment	9, 10, 11	358.7	305.8
Non-realized currency gains/losses, net		-43.6	-29.6
Financial income	21	-32.3	-29.9
Financial expenses	21	54.4	72.6
Changes from the sale of fixed assets		1.0	5.1
Changes to pension provisions	15	0.5	-3.7
Other non-cash effected expenses/income		28.6	-4.5
Gross cash flow	25	**918.9**	**821.2**
Changes in receivables and other current assets	5, 6, 7	-209.4	-283.2
Changes in inventories	4	-747.0	-304.3
Changes in trade payables and other current liabilities	13	613.1	373.2
Net cash from operational business activities		**575.6**	**606.9**
Income taxes paid	22	-157.4	-146.9
Net cash from operating activities	25	**418.3**	**460.1**

	Notes	2022 € million	2021 € million
Investing activities			
Purchase of property and equipment	9, 11	-263.6	-202.4
Proceeds from sale of property and equipment		1.3	18.3
Payment for other assets	12	-10.8	-11.6
Interest received	21	32.3	11.9
Net cash used in investing activities		**-240.8**	**-183.8**
Financing activities			
Repayment of lease liabilities	10	-190.0	-160.9
Repayment of current financial liabilities	13	-9.5	-53.4
Raising of current financial liabilities	13	17.9	0.0
Repayment of non-current financial liabilities	13	-60.0	-68.5
Raising of non-current financial liabilities	13	0.0	235.0
Dividend payments to shareholders of PUMA SE	17	-107.7	-23.9
Dividend payments to non-controlling interests	17, 28	-73.3	-47.8
Interest paid	21	-53.8	-44.4
Net Cash used in financing activities	25	**-476.4**	**-164.0**
Exchange rate-related changes in cash and cash equivalents		4.4	-10.5
Change in cash and cash equivalents		**-294.4**	**101.7**
Cash and cash equivalents at beginning of the financial year		757.5	655.9
Cash and cash equivalents at end of the financial year	3, 25	**463.1**	**757.5**

↗ T.05 STATEMENT OF CHANGES IN EQUITY (€ million)

	Subscribed capital	Capital reserve	Other reserves: Revenue reserves incl. Retained Earnings	Other reserves: Difference from currency conversion	Other reserves: Cash flow hedges	Treasury stock	Shareholders' equity	Non-controlling interests	TOTAL equity
12/31/2020	**150.8**	**84.8**	**1,961.8**	**-360.0**	**-87.6**	**-27.4**	**1,722.4**	**41.5**	**1,763.9**
Consolidated net earnings of the year			309.6				**309.6**	67.2	376.8
Other comprehensive income			-2.0	39.4	165.6		**203.1**	4.3	207.4
Total comprehensive income			**307.6**	**39.4**	**165.6**		**512.6**	**71.5**	**584.1**
Dividends paid to shareholders of PUMA SE / non-controlling interests			-23.9				**-23.9**	-47.8	-71.8
Share-based payment and Utilization / Issue of treasury stock		1.7				0.5	**2.2**		2.2
12/31/2021	**150.8**	**86.4**	**2,245.4**	**-320.6**	**78.1**	**-26.9**	**2,213.3**	**65.2**	**2,278.5**

			Other reserves						
	Subscribed capital	**Capital reserve**	Revenue reserves incl. Retained Earnings	Difference from currency conversion	Cash flow hedges	**Treasury stock**	**Shareholders' equity**	**Non-controlling interests**	**TOTAL equity**
12/31/2021	**150.8**	**86.4**	**2,245.4**	**-320.6**	**78.1**	**-26.9**	**2,213.3**	**65.2**	**2,278.5**
Consolidated net earnings of the year			353.5				**353.5**	70.9	424.4
Other comprehensive income			4.2	63.8	-63.9		**4.1**	4.1	8.2
Total comprehensive income			357.7	**63.8**	-63.9		**357.6**	**75.0**	432.6
Dividends paid to shareholders of PUMA SE / non-controlling interests			-107.7				**-107.7**	-75.3	-183.0
Share-based payment and Utilization / Issue of treasury stock		4.4				3.4	**7.7**		7.7
Transaction with shareholders			0.9				**0.9**	2.2	3.1
12/31/2022	**150.8**	**90.8**	**2,496.2**	**-256.8**	**14.2**	**-23.5**	**2,471.7**	**67.1**	**2,538.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Under the PUMA and Cobra Golf brand names, PUMA SE and its subsidiaries are engaged in the development and sale of a broad range of sports and sports lifestyle products, including footwear, apparel and accessories. The company is a European stock corporation (Societas Europaea/SE) and parent company of the PUMA Group; its registered office is on PUMA WAY 1, 91074 Herzogenaurach, Germany. The competent registry court is in Fürth (Bavaria), the register number is HRB 13085.
The consolidated financial statements of PUMA SE and its subsidiaries (hereinafter shortly referred to as the "Group" or "PUMA") were prepared in accordance with the "International Financial Reporting Standards (IFRS)" accounting standards issued by the International Accounting Standards Board (IASB), as they are to be applied in the EU, and the supplementary accounting principles to be applied in accordance with Section 315e(1) of the German Commercial Code (HGB). The IASB standards and interpretations, as they are to be applied in the EU, which are mandatory for financial years as of January 1, 2022, have been applied.

The items contained in the financial statements of the individual Group companies are measured based on the currency that corresponds to the currency of the primary economic environment in which the Company operates. The consolidated financial statements are prepared in euros (EUR or €). The presentation of amounts in millions of euros with one decimal place may lead to rounding differences since the calculation of individual items is based on figures presented in thousands.

The cost of sales method is used for the consolidated income statement.

The following new or amended standards and interpretations have been used for the first time in the current financial year:

↗ T.06 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Standard	Title
First-time adoption in the current financial year	
Amendments to IFRS 3	References to the Conceptual Framework
Amendments to IAS 37	Onerous contracts: Contract performance costs
Amendments to IAS 16	Property, plant and equipment: Proceeds before intended use
Annual Improvements 2018-2020	Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41

The amendments to the standards and interpretations described below, which were to be initially adopted as of January 1, 2022, did not affect the PUMA consolidated financial statements.

The amendments update IFRS 3 such that the standard now refers to the 2018 conceptual framework and no longer to the 1989 conceptual framework. Two additions were also included. When identifying liabilities taken on as part of a business combination, in the case of transactions and similar events within the scope of application of IAS 37 or IFRIC 21, a buyer must precisely apply these provisions (instead of the conceptual framework). The express statement was also included that contingent receivables acquired in the course of a business combination are not to be recognized. This change has no effect on the PUMA consolidated financial statements.

The amendments to IAS 37 stipulate that the "contract performance costs" are "costs that relate directly to the contract." These may be either additional costs for the performance of this contract (e.g. direct labor costs, materials) or an allocation of other costs directly related to the performance of contracts (e.g. the allocation of depreciation for an item of property, plant and equipment, which is used in the performance of the contract). This change has no effect on the PUMA consolidated financial statements.

The amendments to IAS 16 mean that it is not permissible to deduct from the costs of property, plant and equipment the income arising from the sale of goods that are produced while property, plant and equipment are brought to the location intended by management and rendered in their intended operational state. Instead, a company records the income from such disposals and the costs of producing these goods in the operating result. Costs for test runs to check whether the property, plant and equipment is functioning properly continue to be an example of directly attributable costs. This change has no effect on the PUMA consolidated financial statements.

NEW, BUT NOT YET MANDATORY, STANDARDS AND INTERPRETATIONS

The following standards and interpretations have been released but will only become effective in later reporting periods and are not applied earlier by the Group:

T.07

Standard	Title	Date of adoption *	Planned adoption
Endorsed			
IFRS 17 (including amendment IFRS 17)	Insurance contracts	01/01/2023	01/01/2023
Amendments to IAS 1	Disclosure of accounting policies	01/01/2023	01/01/2023
Amendments to IAS 8	Definition of accounting estimates	01/01/2023	01/01/2023
Amendments to IAS 12	Deferred taxes relating to assets and liabilities from a single transaction	01/01/2023	01/01/2023
Amendments to IFRS 17	First-time application of IFRS 17 and IFRS 9 – Comparative information	01/01/2023	01/01/2023
Endorsement pending			
Amendments to IAS 1	Classification of liabilities as current or non-current	01/01/2024	01/01/2024
Amendments to IFRS 16	Lease liabilities as part of a sale and leaseback transaction	01/01/2024	01/01/2024
Amendments to IAS 1	Non-current liabilities with covenants	01/01/2024	01/01/2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets	postponed indefinitely	

* Adjusted by EU endorsement, if applicable

PUMA does not expect any significant effects on the net assets, financial position and results of operations from these amendments. However, the amendment to IAS 12 leads to a change in future disclosures in the notes to the consolidated financial statements.

2. SIGNIFICANT CONSOLIDATION, ACCOUNTING AND VALUATION POLICIES

CONSOLIDATION PRINCIPLES

The consolidated financial statements were prepared as of December 31, 2022, the reporting date of the annual financial statements of the PUMA SE parent company, on the basis of uniform accounting and valuation principles according to IFRS, as applied in the EU.

Subsidiaries are companies in which the Group has existing rights that give it the current ability to direct the relevant activities. The main activities are those that have a significant influence on the profitability of the company. Control is therefore considered to exist if the Group is exposed to variable returns from its relationship with a company and has the power to govern those returns through its control of the relevant activities. As a rule, control is based on PUMA's direct or indirect majority of the voting rights. Consolidation begins at the point in time from which control is possible. It ends when this no longer exists.

The recognition of business combinations is based on the acquisition method. The assets, debts and contingent liabilities that can be identified as part of a business combination are generally stated at their fair value as of the acquisition date, regardless of the size of non-controlling interests. For each acquisition, there is a separately exercisable option whether the non-controlling interests are measured at fair value or at the proportionate share of net assets.

The surplus of the consideration transferred that exceeds the Group's share in the net assets stated at fair value is recognized as goodwill. If the consideration transferred is lower than the amount of the net assets stated at fair value, the difference is recognized directly in the income statement.

With respect to the controlling interests, losses attributable to non-controlling interests are allocated to the latter even if this results in a negative balance in non-controlling interests.

Intra-group receivables and liabilities are offset against each other. Offsetting differences resulting from exchange rate effects are generally recognized in the income statement to the extent that they arose in the reporting period. Where receivables and liabilities are of a long-term nature and replace capital, the currency difference is recognized directly in other comprehensive income.

In the course of the expense and income consolidation, inter-company sales and intra-group income are offset against the expenses attributable to them. Interim profits not yet realized within the Group as well as intra-group investment income are eliminated.

GROUP OF CONSOLIDATED COMPANIES

In addition to PUMA SE, the consolidated financial statements include all subsidiaries in which PUMA SE directly or indirectly holds existing rights that give it the current ability to direct the relevant activities. At present, control of all Group companies is based on a direct or indirect majority of voting rights.

Associated companies are generally accounted for in the Group using the equity method. As of December 31, 2022, the Group does not hold any investments in associated companies.

The changes in the number of Group companies (including the parent company PUMA SE) in the financial year 2022 were as follows:

T.08

As of	12/31/2021	101
Formation of companies		1
Disposal of companies		2
As of	**12/31/2022**	**100**

The addition to the group of consolidated companies relates to the formation of PUMA United Aviation North America LLC, USA.

The departures from the group of consolidated companies relate to the merger of PUMA India Corporate Services Private Ltd., India within the group of consolidated companies, and the liquidation of World Cat Sourcing India Private Ltd., India.

The changes in the group of consolidated companies did not have a significant effect on the net assets, financial position and results of operations.

The Group companies are allocated to regions as follows:

T.09

AS OF DECEMBER 31, 2022

No.	Companies/Legal Entities	Country	City	Shareholder	Share of Capital
	Parent company				
1.	PUMA SE	Germany	Herzogenaurach		
	EMEA				
2.	Austria Puma Dassler Gesellschaft m.b.H.	Austria	Salzburg	direct	100%
3.	stichd austria gmbh	Austria	Salzburg	indirect	100%
4.	Puma Czech Republic s.r.o.	Czech Republic	Prague	indirect	100%
5.	PUMA DENMARK A/S	Denmark	Aarhus	indirect	100%
6.	PUMA Estonia OÜ	Estonia	Tallinn	indirect	100%
7.	PUMA Finland Oy	Finland	Helsinki	indirect	100%
8.	PUMA FRANCE SAS	France	Strasbourg	indirect	100%
9.	stichd france SAS	France	Boulogne Billancourt	indirect	100%
10.	PUMA International Trading GmbH	Germany	Herzogenaurach	direct	100%
11.	PUMA Europe GmbH	Germany	Herzogenaurach	direct	100%
12.	PUMA Sprint GmbH	Germany	Herzogenaurach	direct	100%
13.	PUMA Mostro GmbH	Germany	Herzogenaurach	indirect	100%
14.	stichd germany gmbh	Germany	Düsseldorf	indirect	100%
15.	PUMA UNITED KINGDOM LTD	Great Britain	London	indirect	100%
16.	PUMA PREMIER LTD	Great Britain	London	indirect	100%
17.	STICHD UK LTD	Great Britain	Mansfield	indirect	100%
18.	STICHD SPORTMERCHANDISING UK LTD	Great Britain	London	indirect	100%

AS OF DECEMBER 31, 2022

No.	Companies/Legal Entities	Country	City	Shareholder	Share of Capital
19.	GENESIS GROUP INTERNATIONAL LIMITED	Great Britain	Manchester	direct	100%
20.	Sport Equipment Hellas S. A. of Footwear, Apparel and Sportswear u.Li.	Greece	Athens	direct	100%*
21.	PUMA ITALIA S.R.L.	Italy	Assago	indirect	100%
22.	STICHD ITALY SRL	Italy	Assago	indirect	100%
23.	Puma Sport Israel Ltd. In Liq	Israel	Herzliya	indirect	100%
24.	PUMA MALTA LIMITED	Malta	St. Julians	indirect	100%
25.	Puma Benelux B.V.	Netherlands	Leusden	direct	100%
26.	PUMA International Sports Marketing B.V.	Netherlands	Leusden	direct	100%
27.	stichd group B.V.	Netherlands	's-Hertogenbosch	direct	100%
28.	stichd international B.V.	Netherlands	's-Hertogenbosch	indirect	100%
29.	stichd sportmerchandising B.V.	Netherlands	's-Hertogenbosch	indirect	100%
30.	stichd B.V.	Netherlands	's-Hertogenbosch	indirect	100%
31.	stichd logistics B.V.	Netherlands	's-Hertogenbosch	indirect	100%
32.	stichd licensing B.V.	Netherlands	's-Hertogenbosch	indirect	100%
33.	PUMA NORWAY AS	Norway	Fornebu	indirect	100%
34.	PUMA POLSKA sp. z o.o.	Poland	Warsaw	indirect	100%
35.	PUMA SPORTS ROMANIA SRL	Romania	Voluntari	indirect	100%
36.	PUMA-RUS o.o.o.	Russia	Moscow	indirect	100%
37.	PUMA SPORTS DISTRIBUTORS (PTY) LTD	South Africa	Cape Town	indirect	100%
38.	PUMA SPORTS S A (PTY) LTD	South Africa	Cape Town	indirect	100%
39.	PUMA IBERIA SLU	Spain	Madrid	direct	100%
40.	STICHDIBERIA S.L.	Spain	Cornella de Llobregat	indirect	100%
41.	Nrotert AB	Sweden	Helsingborg	direct	100%

* Subsidiaries which are assigned to be financially 100% PUMA Group

AS OF DECEMBER 31, 2022

No.	Companies/Legal Entities	Country	City	Shareholder	Share of Capital
42.	PUMA Nordic AB	Sweden	Helsingborg	indirect	100%
43.	Nrotert Sweden AB	Sweden	Helsingborg	indirect	100%
44.	stichd nordic AB	Sweden	Helsingborg	indirect	100%
45.	MOUNT PUMA AG	Switzerland	Oensingen	direct	100%
46.	Puma Retail AG	Switzerland	Oensingen	indirect	100%
47.	stichd switzerland ag	Switzerland	Egerkingen	indirect	100%
48.	PUMA Spor Giyim Sanayi ve Tricaret A.S.	Turkey	Istanbul	indirect	100%
49.	PUMA UKRAINE LIMITED LIABILITY COMPANY	Ukraine	Kyiv	indirect	100%
50.	PUMA Middle East FZ-LLC	United Arab Emirates	Dubai	indirect	100%
51.	PUMA UAE (L.L.C)	United Arab Emirates	Dubai	indirect	100%
	Americas				
52.	PUMA Sports Argentina S.A. (former Unisol S.A.)	Argentina	Buenos Aires	indirect	100%
53.	PUMA Sports Ltda.	Brazil	Sao Paulo	indirect	100%
54.	PUMA Canada, Inc.	Canada	Toronto	indirect	100%
55.	PUMA United Canada ULC	Canada	Vancouver	indirect	51%
56.	PUMA CHILE SpA	Chile	Santiago	direct	100%
57.	PUMA SERVICIOS SpA	Chile	Santiago	indirect	100%
58.	PUMA México Sport, S.A. de C.V.	Mexico	Mexico City	direct	100%
59.	Importaciones RDS, S.A. de C.V.	Mexico	Mexico City	direct	100%
60.	GLOBAL LICENSE STICHD GROUP MEXICO S.A. de C.V.	Mexico	Mexico City	indirect	100%
61.	Importationes Brand Plus Licensing S.A. de C.V.	Mexico	Mexico City	indirect	100%
62.	Distribuidora Deportivo PUMA S.A.C.	Peru	Lima	indirect	100%
63.	Distribuidora Deportivo PUMA Tacna S.A.C.	Peru	Tacna	indirect	100%
64.	PUMA Sports LA S.A.	Uruguay	Montevideo	direct	100%
65.	PUMA Suede Holding, Inc.	USA	Wilmington	indirect	100%

AS OF DECEMBER 31, 2022

No.	Companies/Legal Entities	Country	City	Shareholder	Share of Capital
66.	PUMA North America, Inc.	USA	Wilmington	indirect	100%
67.	Cobra Golf Incorporated	USA	Wilmington	indirect	100%
68.	PUMA United Aviation North America LLC	USA	Wilmington	indirect	70%
69.	PUMA United Canada Holding, Inc.	USA	Wilmington	indirect	100%
70.	PUMA United North America LLC	USA	Dover	indirect	51%
71.	Janed Canada, LLC	USA	Dover	indirect	51%
72.	stichd NA, Inc.	USA	Lewes	indirect	100%
	Asia/ Pacific				
73.	PUMA Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
74.	White Diamond Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
75.	White Diamond Properties Pty. Ltd.	Australia	Melbourne	indirect	100%
76.	PUMA China Ltd. (彪马（上海）商贸有限公司)	China	Shanghai	indirect	100%
77.	stichd Trading (Shanghai) Co., Ltd. (斯梯起特贸易（上海）有限公司)	China	Shanghai	indirect	100%
78.	Guangzhou World Cat Information Consulting Services Company Ltd. (广州寰彪信息咨询服务有限公司)	China	Guangzhou	indirect	100%
79.	World Cat Ltd. (寰彪有限公司)	China	Hong Kong	direct	100%
80.	Development Services Ltd.	China	Hong Kong	direct	100%
81.	PUMA International Trading Services Ltd.	China	Hong Kong	indirect	100%
82.	PUMA ASIA PACIFIC LTD (彪馬亞太區有限公司)	China	Hong Kong	direct	100%
83.	PUMA Hong Kong Ltd. (彪馬香港有限公司)	China	Hong Kong	indirect	100%
84.	stichd Limited	China	Hong Kong	indirect	100%
85.	PUMA Sports India Private Ltd.	India	Bangalore	indirect	100%
86.	PT. PUMA Cat Indonesia	Indonesia	Jakarta	indirect	100%
87.	PT PUMA Sports Indonesia	Indonesia	Jakarta	indirect	100%
88.	PUMA Japan K.K. (プーマ ジャパン株式会社)	Japan	Tokyo	indirect	100%

AS OF DECEMBER 31, 2022

No.	Companies/Legal Entities	Country	City	Shareholder	Share of Capital
89.	PUMA Korea Ltd. (푸마코리아 유한회사)	(South) Korea	Seoul	direct	100%
90.	Stichd Korea Ltd	(South) Korea	Incheon	indirect	100%
91.	PUMA Sports Goods Sdn. Bhd.	Malaysia	Petaling Jaya	indirect	100%
92.	STICHD SOUTHEAST ASIA SDN. BHD.	Malaysia	Kuala Lumpur	indirect	100%
93.	PUMA New Zealand Ltd.	New Zealand	Auckland	indirect	100%
94.	PUMANILA IT SERVICES INC.	Philippines	City of Makati	indirect	100%
95.	PUMA Sports Philippines Inc.	Philippines	City of Makati	indirect	100%
96.	PUMA Sports SEA Trading Pte. Ltd.	Singapore		indirect	100%
97.	PUMA SEA Holding Pte. Ltd.	Singapore		indirect	100%
98.	PUMA Taiwan Sports Ltd. (台灣彪馬股份有限公司)	China (Taiwan)	Taipei	indirect	100%
99.	PUMA Sports (Thailand) Co., Ltd.	Thailand	Bangkok	indirect	100%
100.	World Cat Vietnam Sourcing & Development Services Company Limited (CÔNG TY TNHH DỊCH VỤ PHÁT TRIỂN & NGUỒN CUNG ỨNG WORLD CAT VIỆT NAM)	Vietnam	Ho Chi Minh City	indirect	100%

PUMA Mostro GmbH, PUMA Sprint GmbH, PUMA International Trading GmbH and PUMA Europe GmbH have made use of the exemption provision under Section 264(3) of the German Commercial Code (HGB).

CURRENCY CONVERSION

In general, monetary items in foreign currencies are converted in the individual financial statements of the Group companies at the exchange rate valid on the balance sheet date. Any resulting currency gains and losses are immediately recognized in the income statement. Non-monetary items are converted at historical acquisition and manufacturing cost.

The assets and liabilities of foreign subsidiaries, whose functional currency is not the euro, have been converted to euros at the exchange rates valid on the balance sheet date. Expenses and income have been converted at the annual average exchange rates. Any differences resulting from the currency conversion of net assets relative to exchange rates that had changed in comparison with the previous year were adjusted directly in other comprehensive income.

The significant conversion rates per euro are as follows:

T.10

	2022		2021	
Currency	Reporting date exchange rate	Average exchange rate	Reporting date exchange rate	Average exchange rate
USD	1.0666	1.0530	1.1326	1.1827
CNY	7.3582	7.0788	7.1947	7.6282
JPY	140.6600	138.0274	130.3800	129.8767
GBP	0.8869	0.8528	0.8403	0.8596

In 2022, accounting for hyperinflationary economies was first applied in accordance with IAS 29. In the case of Argentina and Turkey, which are in an environment of hyperinflation, with retroactive effect from January 1, 2022, the carrying amounts of non-monetary assets and liabilities, equity and other comprehensive income were converted into the unit of measurement applicable as of the balance sheet date for the financial year 2022, thereby adjusting them to the price changes. The financial statements are based on the concept of historical acquisition and/or production costs. The exchange rate as of December 31, 2022 was used for translation into the reporting currency, the euro, for all items. In accordance with IAS 21.42, comparative amounts from previous periods do not need to be adjusted.

Gains and losses on the net monetary position are included in the financial result. In the 2022 financial year, gains on the net monetary position amounted to € 0.9 million. This amount also includes interest income from cash and cash equivalents invested, in accordance with IAS 29.28.

As of December 31, 2022, the price index used for Turkey was 1,128.45 (December 31, 2021: 686.95) and is based on the consumer price index. The general price index used for Argentina was 1,134.3 as of December 31, 2022 (December 31, 2021: 582.46).

In the previous year, the effects of the currency area Argentina, which has been in a hyperinflationary environment since 2018, were analyzed in accordance with IAS 29 and IAS 21.42. The application of the aforementioned standards to the PUMA SE consolidated financial statements as of December 31, 2021 would have resulted in an increase in assets of € 20.6 million (mainly property, plant and equipment, intangible assets, deferred tax items and inventories) and an adjustment of equity of € 20.6 million. Furthermore, the operating result (EBIT) would have decreased by € 1.2 million. The effects on the consolidated financial statements were considered insignificant and did not lead to an adjustment in the context of the group accounting.

ACCOUNTING AND VALUATION POLICIES

FINANCIAL INSTRUMENTS

Financial instruments are classified and recognized in accordance with IFRS 9. Acquisitions and disposals of financial assets, with the exception of trade receivables, are initially recognized on the settlement date and are recorded at fair value. Under IFRS 9, the subsequent measurement of financial instruments is carried out according to the classification at "amortized cost" (AC), at "fair value through profit or loss" (FVPL) or at "fair value through other comprehensive income" (FVOCI). The classification is based on two criteria: the Group's business model for asset management and the question of whether the contractual cash flows of the financial instruments represent "exclusively payments of principal and interest" toward the outstanding principal amount.

For investments (equity instruments), IFRS 9 allows a measurement at fair value through other comprehensive income (FVOCI) under certain conditions. If these investments, however, are disposed of or adjusted in value, the gains and losses from these investments which were not realized up to this point are reclassified to retained earnings in accordance with IFRS 9.

DERIVATIVE FINANCIAL INSTRUMENTS/HEDGE ACCOUNTING

In relation to the accounting of hedge relationships, PUMA made use of the option to continue applying the rules of IAS 39 for hedge accounting.

Derivative financial instruments are recognized at fair value at the time a contract is entered into and thereafter. At the time a hedging instrument is concluded, PUMA classifies the derivatives either as hedges of a planned transaction (cash flow hedge accounting) or as hedges of the fair value of a recognized asset or liability (fair value hedge).

At the time when the transaction is concluded, the hedging relationship between the hedging instrument and the underlying transaction as well as the purpose of risk management and the underlying strategy are documented. In addition, assessments as to whether the derivatives used in the hedge accounting compensate effectively for a change in the fair value or the cash flow of the underlying transaction are documented at the beginning of the hedge accounting and continuously thereafter.

Changes in the market value of derivatives that are intended and suitable for cash flow hedges and that prove to be effective are adjusted directly in other comprehensive income, taking into account deferred taxes. If there is no complete effectiveness, the ineffective part is recognized in the income statement. The amounts recognized in other comprehensive income are recognized in the income statement during the same period in which the hedged planned transaction affects the income statement. If, however, a hedged future transaction results in the recognition of a non-financial asset or a liability, gains or losses previously recorded in other comprehensive income are included in the initial measurement of the acquisition costs of the respective asset or liability.

Changes in the fair value of derivatives that qualify for and are designated as fair value hedges are recognized directly in the consolidated income statement, together with changes in the fair value of the underlying transaction attributable to the hedged risk. The changes in the fair value of the derivatives and the change in the underlying transaction attributable to the hedged risk are reported in the consolidated income statement under the item relating to the underlying transaction.

The fair values of the derivative instruments used to hedge planned transactions (cash flow hedge accounting) and to hedge the fair value of a recognized asset or liability (fair value hedge) are shown under Other current and non-current financial assets or liabilities.

LEASES

PUMA has concluded leases exclusively as lessee.

The leases are each identified at an individual contract level. For all leases, PUMA recognizes a right-of-use asset and a respective lease liability, with the exception of short-term leases (defined as leases with a term of no more than 12 months) and low-value lease agreements (with a value of less than € 5,000 at contract conclusion). In the case of a short-term lease or low-value lease, the Group recognizes the lease payments on a straight-line basis over the term of the lease agreement as other operating expense.

In addition, right-of-use assets are not recognized for intangible assets. PUMA has made use of the option and decided not to apply IFRS 16 with regard to leases for intangible assets.

The lease liability at initial recognition is measured at the present value of the not yet paid lease payments at the beginning of the lease agreement. The present value is calculated using the incremental borrowing rate, as the interest rate implicit in the lease is usually not known.

The following lease payments are included in the measurement of the lease liability:

- Fixed lease payments (including in-substance fixed payments), less any incentive payments received;
- Variable lease payments based on an index or rate, initially measured based on the index or rate at the start of the lease agreement; as a result, future adjustments after changes in the index or interest rate remain unrecognized;
- Exercise price of purchase options, if PUMA is sufficiently certain that it will exercise them;
- Expected payments from residual value guarantees; and
- Penalties for the early termination of lease agreements, if PUMA is sufficiently certain that it will exercise this termination option and if this is taken into account when determining the term of the lease agreement.

A number of lease agreements, particularly for real estate properties, contain extension and termination options. When determining agreement terms, all facts and circumstances are taken into account that offer a financial incentive to exercise the extension option or not to exercise the termination option. The changes in the term of a lease due to the exercise or non-exercise of such options are only taken into account for the agreement term if they are sufficiently certain.

The lease liability is recognized as a separate line item on the consolidated balance sheet.

PUMA applies the practical recognition exemption with regard to COVID-19 rent concessions to all rent concessions falling within the scope of this measure. Where the conditions are met, the rent concessions will be represented on the balance sheet as if they were variable lease payments. Consequently, the rent concessions will be recognized in the income statement in the period in which they were granted.

The subsequent measurement of the lease liability is done by increasing the carrying amount by adding the accrued interest of the lease liability (using the effective interest method) and by reducing the carrying amount of the lease liability by the lease payments made. Where COVID-19-related rent concessions involve the exemption from lease payments, the carrying amount of the lease liability is reduced by the exempted lease payments.

If the term of the lease has changed and this is not a COVID-19-related rent concession, or if a material event has led to a change in the assessment relating to the exercise of a purchase option, PUMA will remeasure the lease liability by discounting the adjusted lease payments using an updated interest rate and will adjust the corresponding right-of-use asset accordingly.

If lease payments have changed due to index or interest rate changes or due to a change in the expected payments to be made due to a residual value guarantee, PUMA will remeasure the lease liability by discounting the adjusted lease payments using an unchanged discount rate. The corresponding right-of-use asset is adjusted accordingly.

If a lease is changed and this is not a COVID-19-related rent concession, and the change in the lease is not recognized as a separate lease, PUMA will remeasure the lease liability based on the lease term for the new lease. As part of this, the changed lease payments are discounted using the updated interest rate at the time the change becomes effective.

The right-of-use assets comprise the respective lease liability as part of initial measurement. Lease installments that are paid before or at the beginning of the lease are added. Lease incentives received from the lessor are deducted and initial direct costs are included. If dismantling obligations exist with regard to the leased assets, they are included in the measurement of the right-of-use assets. The subsequent measurement of the right-of-use assets is at acquisition cost less accumulated depreciation and impairment losses.

The right-of-use assets are generally depreciated over the term of the lease. If the useful life of the asset underlying the lease is shorter, this limits the depreciation period accordingly. Depreciation starts with the commencement of the lease.

Variable lease payments that are not dependent on an index or interest rate are not included in the valuation of the lease liabilities and the right-of-use. These payments are recognized in the income statement as other operating expenses as soon as PUMA has received the underlying benefit. This applies primarily to turnover-based rents for retail stores.

As part of the practical expedient, IFRS 16 permits dispensing with a separation between non-lease components and lease components. With regard to land and buildings, PUMA generally does not apply the practical expedient so that the right-of-use assets relating to land and buildings only contain leasing components. With regard to other right-of-use assets (comprising technical equipment & machines and motor vehicles), the practical expedient is generally applied, the result of which is that the leasing components and non-leasing components are both recognized.

The right-of-use assets are recognized as a separate line item in the consolidated balance sheet.

The rights of use are subject to the impairment regulations pursuant to IAS 36. As a general rule, the right-of-use assets are tested for impairment (impairment test) if there is any indication that the value of the asset could be impaired. The right-of-use assets, in particular in connection with the Group's own retail stores, are subjected to an impairment test if there are indicators or changes in planning assumptions that suggest that the carrying amount of the assets may not be recoverable. To this end, a triggering event test of all retail stores, each of which is a separate cash-generating unit, is carried out after preparation of the annual budget planning or on an ad-hoc basis.

For the purposes of the triggering event test, the recoverable amount of the respective retail stores is determined as a value in use using a simplified discounted cash flow method. The value in use is determined on the basis of the planned cash flows for the retail stores according to the budget, which is prepared on a bottom-up basis and approved by management. The forecast period is derived from the expected useful lives of the respective retail store and is reviewed annually. Following the bottom-up budget, revenue and cost developments are used as a basis for the remaining useful life, the growth rate of which is based on expected nominal retail growth. In the three-year detailed planning period, growth rates in the single-digit percentage range are recorded for all retail stores. In determining the value in use of the retail stores, cash flows in countries without hyperinflation were discounted at a weighted cost of capital rate of between 8.2% and 25.3% (previous year: between 4.7% and 19.7%) and the cash flow of retail stores in the two hyperinflationary countries with a weighted cost of capital rate of between 20.0% and 62.7%

(previous year: between 18.0% and 64.4%). This was based on a risk-free interest rate on equivalent term structures of 2.3% (previous year: -0.1%) and a market risk premium of 7.3% (previous year: 7.8%).

If, in the triggering event test, the carrying amount of the retail store assets exceeds the simplified value in use, the recoverable amount of this cash-generating unit is calculated with the discounted cash flow method using the above cost of capital rates. This is based on the individual planning of cash flows for the retail store. If an impairment arises, the right of use is impaired first.

For the retail stores in Russia that have been closed since March 2022, the value in use of the retail stores was determined by applying the expected cash flow approach. The expected cash flow approach allows the use of various probability-weighted scenarios to present the future business development in value in use in Russia. The value in use is compared with the carrying amount of the net assets allocated to the retail store (in particular, right-of-use assets from the lease, tenant fixtures, net working capital and proportionate corporate assets allocated to the central areas).

If there are indications that retail stores for which impairment has been recorded in the past have been able to achieve a turnaround and that their rights of use are recoverable, the impairment is reversed up to a maximum of the amount of amortized costs.

If there is an impairment loss or a reversal of an impairment loss, this is allocated to the central area in the segment reporting under IFRS 8. However, the impaired assets are reported in the relevant operating segments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances. This also includes free cash and cash equivalents that are invested as a fixed-term deposit with a term of up to three months. The total amount of cash and cash equivalents is consistent with the cash and cash equivalents stated in the cash flow statement.

Cash and cash equivalents are measured at amortized cost. They are subject to the impairment requirements in accordance with IFRS 9 "Financial Instruments". PUMA monitors the credit risk of these financial instruments taking into account the economic situation, external credit rating and/or premiums for credit default swaps (CDS) of other financial institutions. The credit risk from cash and cash equivalents is classified as immaterial, due to the relatively short terms and the investment-grade credit rating of the counterparty, which signals a low probability of default.

INVENTORIES

The Group procures inventories primarily from third parties and these are reported as goods within inventories. To a small extent, footwear and golf clubs are produced in-house, which are reported as finished goods together with the goods within the inventories.

Inventories are measured at acquisition or manufacturing cost or at the lower net realizable values derived from the net realizable value on the balance sheet date. The acquisition cost of merchandise is determined using an averaging method. Value adjustments are adequately recorded, depending on age, seasonality and realizable market prices.

TRADE RECEIVABLES

Trade receivables are initially measured at the transaction price and subsequently at amortized cost with deduction of value adjustments, in the form of a provision for risks. According to IFRS 15 "Revenue from Contracts with Customers", the transaction price is the amount of consideration expected by the Company, not taking into account the amounts collected on behalf of third parties.

When determining the provision for risks for trade receivables, PUMA uniformly applies the simplified method in order to determine the expected credit losses over the remaining lifetime of the trade receivables (called “lifetime expected credit losses”) in accordance with the provisions of IFRS 9 “Financial Instruments”. For this, trade receivables are classified by geographic region into suitable groups with shared credit risk characteristics. The expected credit losses are calculated using a matrix that presents the age structure of the receivables and depicts a likelihood of loss for the individual maturity bands of the receivables on the basis of historic credit loss events and future-based factors. The percentage rates for the loss likelihoods are checked regularly to ensure they are up to date. If objective indications of a credit impairment are found regarding the trade receivables of a certain customer, a detailed analysis of this customer’s specific credit risk is conducted and an individual provision for risks is established for the trade receivables with respect to this customer. If a credit insurance is in place, it is taken into account when determining the amount of the risk provision.

The Group assumes that the default risk of a financial asset has increased significantly if it is more than 30 days overdue.

OTHER FINANCIAL ASSETS

Other financial assets are classified based on the business model for control and the cash flows of the financial assets. In the Group, financial assets are generally held under a business model that provides for “holding” the asset until maturity, in order to collect the contractual cash flows. The second condition is that the terms and conditions of the financial asset result in cash flows at specified times, which exclusively represent repayments and interest payments on the outstanding nominal amount.

The "trading" business model is used for financial assets in the form of derivatives without a hedging relationship. These are valued at fair value through profit or loss (FVPL).

Non-current financial assets include rental deposits and other assets. Non-interest-bearing non-current assets are discounted to present value if the resulting effect is significant.

INVESTMENTS

The investment recognized under non-current financial assets belongs to the category "measured at fair value through other comprehensive income" (FVOCI), since these investments are held over the long term for strategic reasons.

All purchases and disposals of investments are recorded on the settlement date. Investments are initially recognized at fair value plus transaction costs. They are also recognized at fair value in subsequent periods. Unrealized gains and losses are recognized in other comprehensive income, taking into account deferred taxes. The gain or loss on disposal of investments is transferred to retained earnings.

The category “measured at fair value through profit or loss” (FVPL) is not used with regard to investments.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at acquisition cost, net of accumulated depreciation. The depreciation period depends on the expected useful life of the respective item. The straight-line method of depreciation is applied. The useful life depends on the type of the assets involved. Buildings are subject to a useful life of between ten and fifty years, and a useful life of between three to ten years is assumed for movable assets.

Repair and maintenance costs are recorded as an expense as of the date on which they were incurred. Substantial improvements and upgrades are capitalized to the extent that the criteria for capitalization of an asset item apply.

GOODWILL

Goodwill resulting from a business combination is calculated based on the difference between the transferred consideration and the Group's share in the fair value of the acquired assets and liabilities.

Goodwill amounts are allocated to the Group's cash-generating units that are expected to benefit from the synergy effects resulting from the business combination.

An impairment test of goodwill per group of cash-generating units (usually the smallest company level at which goodwill is monitored) is performed once a year and whenever there are indicators of impairment, and can result in an impairment loss. There is no reversal of an impairment loss for goodwill. See chapter 11 for further details, in particular regarding the assumptions used for the calculation.

OTHER INTANGIBLE ASSETS

Acquired intangible assets largely consist of concessions, intellectual property rights and similar rights. These are measured at acquisition cost, net of accumulated amortization. The useful life of intangible assets is between three and ten years. Scheduled depreciation is done on a straight-line basis.

If the capitalization requirements of IAS 38.57 "Intangible Assets" are met cumulatively, expenses in the development phase for internally generated intangible assets are capitalized at the time they arise. In subsequent periods, internally generated intangible assets and acquired intangible assets are measured at cost less accumulated amortization and impairment losses. In the Group, internally generated intangible assets are generally depreciated on a straight-line basis over a useful life of 3 years.

There are also trademark rights acquired for a fee in relation to Cobra Golf. Cobra Golf, founded in 1978, has a brand history spanning over 40 years in golf. The Cobra brand represents the core of the Golf business area and is continued through ongoing marketing investments by the PUMA Group in the Cobra brand. Due to the stability of the golf market and the continuation of the brand by PUMA, an indefinite useful life is assumed for the Cobra brand.

IMPAIRMENT OF ASSETS

Intangible assets with an indefinite useful life are not amortized according to schedule but are subjected to an annual impairment test. Property, plant and equipment, right-of-use assets, and other intangible assets with finite useful lives are tested for impairment if there is any indication of impairment in the value of the asset concerned. In order to determine whether there is a requirement to record the impairment of an asset, the recoverable amount of the respective asset (the higher amount of the fair value less costs to sell and value in use) is compared with the carrying amount of the asset. If the recoverable amount is lower than the carrying amount, the difference is recorded as an impairment loss. The test for impairment is performed, if possible, at the level of the respective individual asset, otherwise at the level of the cash-generating unit. Goodwill, on the other hand, is tested for impairment only at the level of a group of cash-generating units. If it is determined within the scope of the impairment test that an asset needs to be impaired, then the goodwill, if any, of the group of cash-generating units is written down initially and, in a second step, the remaining amount is distributed proportionately over the remaining assets within the application scope of IAS 36. If the reason for the recorded impairment no longer applies, a reversal of impairment loss is recorded to the maximum amount of the amortized costs. There is no reversal of an impairment loss for goodwill.

The recoverable amount is primarily calculated using the discounted cash flow method. For determining the fair value less costs to sell and value in use, the expected cash flows are based on corporate planning data. Expected cash flows are discounted using an interest rate in line with market conditions. As part of the fair value determination less cost to sell, no special synergies of cash-generating units are taken into account, and corporate planning data is adjusted to the assumptions of market participants, if required.

Moreover, there is a difference between the fair value less costs to sell and the value in use because the costs to sell are also taken into account.

Trademarks with an indefinite useful life are subjected to an impairment test based on the relief from royalty-method during the financial year or when the occasion arises. If there is evidence that the underlying Cobra business is insufficiently profitable, the trademark is not only valued individually using the relief from royalty-method, but the recoverable amount of the cash-generating units to which the trademark is attributable is determined.

See chapter 11 for further details, in particular regarding the assumptions used for the calculation.

FINANCIAL DEBT, OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

In general, these items are recognized at their acquisition cost, taking into account transaction costs, and subsequently recognized at amortized cost. Non-interest or low-interest-bearing liabilities with a term of at least one year are recognized at present value, taking into account an interest rate in line with market conditions, and are compounded until their maturity at their repayment amount.

The "trading" business model is used for financial liabilities in the form of derivatives without a hedge relationship. These are valued at fair value through profit or loss (FVPL).

Current financial liabilities also include those long-term loans that have a maximum residual term of up to one year.

PUMA offers its suppliers a supplier financing program. This is reverse factoring, the financing conditions of which are also linked to the achievement of sustainability targets by the suppliers in most cases. Participation in the program is voluntary for the suppliers and helps them to already pre-finance the supplier invoices to PUMA from one of the partner banks against an interest discount significantly before the customary payment date. PUMA is not affected by the participation of the suppliers in the supplier financing program (in particular no changes to the payment terms, no changes to the payment methods and/or no changes to the original contractual conditions). Accordingly, the liabilities are recognized in the balance sheet as trade payables, and cash outflows are allocated to the cash inflow from operating activities in the cash flow statement.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

In addition to defined benefit plans, some companies apply defined contribution plans, which do not result in any additional pension commitment other than the current contributions. The pension provision under defined benefit plans is generally calculated using the projected unit credit method. This method takes into account not only known pension benefits and pension rights accrued as of the reporting date, but also expected future salary and pension increases. The defined benefit obligation (DBO) is calculated by discounting expected future cash outflows at the rate of return on senior, fixed-rate corporate bonds. The currencies and maturity periods of the underlying corporate bonds are consistent with the currencies and maturity periods of the obligations to be satisfied. In some of the plans, the obligation is accompanied by a plan asset. In that case, the pension provision shown is reduced by the plan asset.

Revaluations, consisting of actuarial profits and losses, changes resulting from use of the asset ceiling and return on plan assets (without interest on the net debt) are immediately recorded in other comprehensive income. The revaluations recorded in other comprehensive income are part of the retained earnings and are no longer reclassified into the income statement. Past service costs are recorded as an expense if changes are made to the plan.

Details regarding the assumed life expectancy, the mortality tables used and other assumptions are shown in chapter 15.

OTHER PROVISIONS

Provisions are recognized if the Group, as a result of a past event, has a current obligation and this obligation is likely to result in an outflow of resources with economic benefits, the amount of which can be reliably estimated. The provisions are recognized at their settlement value as determined on the basis of the best possible estimate and are not offset by income. Non-current provisions are discounted.

Provisions for the expected expenses from warranty obligations pursuant to the respective national sales contract laws are recognized at the time of sale of the relevant products, according to the best estimate in relation to the expenditure needed in order to fulfill the Group's obligation.

Provisions are also recognized to account for onerous contracts. An onerous contract is assumed to exist where the unavoidable costs for fulfilling the contract exceed the economic benefit arising from this contract.

TREASURY STOCK

Treasury stock is deducted from equity at its market price as of the date of acquisition, plus incidental acquisition costs. Pursuant to the authorization of the Annual General Meeting, treasury stock can be repurchased for any authorized purpose, including the flexible management of the Company's capital requirements.

MANAGEMENT INCENTIVE PROGRAMS

PUMA uses cash-settled share-based payments, share-based payments settled in cash or equities, and key performance indicator-based long-term incentive programs. The share-based payments settled in cash or equities are accounted for in the same way as cash-settled share-based payments.

For cash-settled share-based payments, a liability is recorded for the services received and measured with its fair value upon recognition. Until the debt is cleared, its fair value is recalculated on every balance sheet date and on the settlement date and all changes to the fair value are recognized in the income statement.

During the three-year term of the respective programs, the medium-term targets of the PUMA Group with regard to sales, operating result (EBIT), cash flow and working capital as a percentage of sales are determined for key performance indicator compensation processes and recognized in the income statement as other provisions along with their respective degree of target achievement.

RECOGNITION OF SALES

The Group recognizes sales from the sale of sporting goods. The sales are measured at fair value of the consideration to which the Group expects to be entitled from the contract with customers, taking into account returns, discounts and rebates. Amounts collected on behalf of third parties (such as VAT) are not included in sales. The Group records sales at the time when PUMA fulfills its performance obligation to customers and has transferred the right of disposal over the product to customers.

The Group sells footwear, apparel and accessories both to wholesalers and directly to customers through its own retail activities and online sales channels. Meanwhile, the sales-related warranty services cannot be purchased separately and do not lead to services that go beyond the assurance of the specifications at the time of the transfer of risk. Accordingly, the Group records warranties in the balance sheet in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets."

In the case of sales of products to wholesalers, the sales revenue is recorded at the date on which the right of disposal over the products is transferred to customers, in other words, when the products have been shipped to the specific location of the wholesaler (delivery). After delivery, the wholesaler bears the inventory risk and has full right of disposal over the manner and means of distribution and the selling price of the products. In the case of sales to end customers in the Group's own retail stores, the sales are recorded at the date when the right of disposal over the products is transferred to the end customer, in other words, the date on which the end customer buys the products in the retail store. The payment of the purchase price is due as soon as the customers purchase the products. In the case of sales of goods through our own online sales channels, sales are realized when the end customers have accepted the goods and the power of disposal over the goods has been passed to the end customer. The payment terms applied correspond to the standard industry payment terms for each country.

Under certain conditions and according to the contractual stipulations, customers have the option to exchange products or return them for a credit. The amount of the expected returns is estimated on the basis of past experience and is deducted from sales in the form of a liability based on refund obligations. The asset value of the right arising from the product return claim is recorded under inventories and leads to a corresponding reduction of cost of sales.

ROYALTY AND COMMISSION INCOME

The Group records royalty and commission income from the licensing of trademark rights to third parties. Income from royalties is recognized in the income statement in accordance with the invoices to be submitted by the licensees. In certain cases, values must be estimated in order to permit accounting on an accrual basis. Commission income is invoiced if the underlying purchase transaction is classified as realized.

ADVERTISING AND PROMOTIONAL EXPENSES

Advertising expenses are recognized in the income statement at the time they are incurred. In general, promotional expenses stretching over several years are recognized as an expense over the contractual term on an accrual basis. Any expenditure surplus exceeding the economic benefit that results from this allocation of expenses after the balance sheet date is recognized in the financial statements in the form of an impairment of assets and, if necessary, a provision for anticipated losses. If promotional and advertising contracts provide for additional payments when predefined targets are achieved (e.g. medals, championships), which cannot be predicted exactly in terms of time and amount, they are recorded in full in profit or loss at the relevant time.

PRODUCT DEVELOPMENT

PUMA continuously develops new products in order to meet market requirements and market changes. Research costs are expensed in full at the time they are incurred. Development costs are also recognized as an expense when they do not meet the recognition criteria of IAS 38 "Intangible Assets."

GOVERNMENT GRANTS

Starting in the financial year 2020, PUMA has received government grants related to income on a global level as a result of the COVID-19 pandemic; these have then been deducted from the corresponding expenses in the income statement. Grants are received via country-specific, one-off emergency aid schemes relating to the global COVID-19 pandemic and via country-specific short-time work programs, provided that they meet the requirements of IAS 20 and other comparable measures.

Pursuant to IAS 20.7, government grants related to income are recognized when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received.

FINANCIAL RESULT

The financial result includes interest income from financial investments and interest expenses from loans, along with interest income and expenses in connection with derivative financial instruments. Financial results also include interest expenses from lease liabilities as well as discounted, non-current liabilities associated with acquisitions and those arising from the measurement of pension commitments.

Exchange rate effects that can be directly allocated to an underlying transaction are shown in the respective income statement item.

INCOME TAXES

Current income taxes are determined in accordance with the tax regulations of the respective countries where the individual Group companies conduct their operations.

PUMA management regularly assesses individual tax issues to determine whether there is scope for interpretation in view of existing tax regulations. If appropriate, these issues are taken into account in income tax liabilities or deferred taxes. The income tax assessment is generally carried out at the level of the individual case, taking into account any possible interactions. Appropriate balance sheet provisions have been made for potential risks from uncertain tax positions, taking into account IFRIC 23. Depending on which value best reflects the expectation, the most likely value or the expected value is used for the valuation.

DEFERRED TAXES

Deferred taxes resulting from temporary valuation differences between the IFRS and tax balance sheets of individual Group companies and from consolidation procedures, which are levied by the same taxation authority and can be netted, are charged to each taxable entity and recognized either as deferred tax assets or deferred tax liabilities.

With regard to the leases that were capitalized, the tax deduction potential is allocated to the respective right-of-use asset. If temporary differences arise during subsequent valuation from a netting perspective of right-of-use asset and lease liability, deferred tax items will be created, provided the requirements under IAS 12 are met.

Deferred tax assets may also include claims for tax reductions that result from the expected utilization of existing losses carried forward to subsequent years and which is likely to materialize. Deferred tax assets or liabilities may also result from accounting treatments that do not affect the income statement. Deferred taxes are calculated on the basis of the tax rates that apply to the reversal in the individual countries and that are in force or adopted as of the balance sheet date.

Deferred tax assets are recognized only to the extent that the respective tax advantage is likely to materialize. Deferred tax assets are not recognized if they do not meet this criterion on the basis of the past results of operations and the business expectations for the foreseeable future.

UNCERTAINTY OF ESTIMATES

The preparation of the consolidated financial statements requires some assumptions and estimates that have an impact on the measurement and presentation of the recognized assets and liabilities, income and expenses, and contingent liabilities. The assumptions and estimates are based on premises, which in turn are based on currently available information. In individual cases, the actual values may deviate from the assumptions and estimates made. Consequently, future periods involve a risk of adjustment to the carrying amount of the assets and liabilities concerned. If the actual development differs from the expectation, the premises and, if necessary, the carrying amounts of the relevant assets and liabilities are adjusted with an effect on profit or loss.

All assumptions and estimates are continuously reassessed. They are based on historical experiences and other factors, including expectations regarding future global and industry-related trends that appear reasonable under the current circumstances. PUMA applies scenarios that assume that the situation created by the COVID-19 pandemic will not be long term. Accordingly, PUMA does not expect that the impact on the consolidated financial statements will be significant or serious. Assumptions and estimates mainly relate to the valuation of goodwill and trademarks, inventories, liabilities from refund obligations, taxes and leases. The most significant forward-looking assumptions and sources of estimation and uncertainty as of the reporting date concerning the above-mentioned items are discussed below.

Goodwill and Brands

A review of the impairment of goodwill is based on the calculation of the value in use as a leading valuation concept. In order to calculate the value in use, the Group must estimate the future cash flows from those cash-generating units to which the goodwill is allocated. To this end, the data used were from the three-year plan, which is based on forecasts of the overall economic development and the resulting industry-specific consumer behavior. As it is currently difficult to predict what the global consequences of the COVID-19 pandemic will be in the short and medium term, these assumptions and estimates are generally subject to increased uncertainty. However, it is assumed that the global economy will gradually return to normal in 2023 due to the availability of vaccines against COVID-19 and the progress made with immunizing large parts of the population in PUMA's key markets. Another key assumption concerns the determination of an appropriate interest rate for discounting the cash flow to present value (discounted cash flow method). The relief from royalty-method is used to value brands. See chapter 11 for further details, in particular regarding the assumptions used for the calculation.

Inventories

Inventories are measured at acquisition or manufacturing cost or at the lower net realizable values derived from the selling price at the balance sheet date. Value adjustments are adequately recorded, depending on age, seasonality and realizable market prices. Further details on the inventory valuation are provided in chapter 4.

Liabilities from refund obligations

The Group recognizes sales from the sale of sporting goods. The sales are measured at fair value of the consideration to which the Group expects to be entitled from the contract with customers, taking into account returns, discounts and rebates. As customers have the opportunity to exchange goods under certain conditions and in accordance with the contractual agreements, the amount of expected return deliveries is estimated on the basis of experience. The accrual of sales takes place via the liability from refund obligations. See chapter 13 for further information.

Taxes

Tax items are determined taking into account the various prevailing local tax laws and the relevant administrative opinions and, due to their complexity, may be subject to different interpretations by persons subject to tax on the one hand and the tax authorities on the other hand. Differing interpretations of tax laws may result in subsequent tax payments for past years; these are included based on the assessment of the management, using the most probable amount or the expected value for the individual case.

The recognition of deferred taxes requires that estimates and assumptions be made concerning future tax planning strategies as well as expected dates of occurrence and the amount of future taxable income. The taxable income from the relevant corporate planning is derived for this assessment. It takes into account the past financial position and the business development expected in the future. Due to the currently difficult to predict short- and medium-term consequences of the global COVID-19 pandemic, these assumptions and estimates are generally subject to increased uncertainty. Deferred tax assets are recorded in the event of companies incurring a loss only if it is highly probable that future positive results will be achieved. See chapter 8 for further information and details about assumptions.

Leases
The measurement of the lease liabilities is based on assumptions for the discount rates used, the lease term and the determination of fixed lease payments. To determine the present value of future minimum lease payments, PUMA uses country- and currency-specific interest rates on borrowings with compatible terms. In addition to the basic lease period, the Group includes extension options in the determination of the lease term if management is sufficiently certain that such an option will be exercised after taking into account all facts and circumstances. The fixed lease payments also include firmly agreed upon minimum amounts for agreements with a predominantly variable lease amount.

DISCRETIONARY DECISIONS

The preparation of the consolidated financial statements requires discretionary decisions relating to the application of accounting methods and the amounts of assets, liabilities, income and expenses reported. Information on the application of accounting policies that have the most material impact on the amounts recorded in the financial statements can be found in the following notes:

Evaluation of the control of companies with non-controlling interests
The determination as to whether the Group controls the companies with non-controlling interests is presented in chapter 28 Information on non-controlling interests.

Currency conversion in the case of hyperinflation
The option to adjust the previous year's comparative figures was exercised such that no adjustment was made to the comparative figures for the previous year. The disclosures are included in chapter 2 Significant consolidation and accounting and valuation principles in the currency translation section.

Leases
The accounting for leases includes discretionary decisions, in particular in relation to the term of the lease agreements with regard to determining whether the exercise of extension options is sufficiently certain.

Some real estate leases contain extension options that can only be exercised by PUMA and not by the lessor. If possible, the Group seeks to include extension options when concluding new leases in order to ensure operational flexibility. On the date of provision, the Group assesses whether it is sufficiently certain that the extension options will be exercised. The assessment is carried out individually for each contract and takes into account the amount of the company's own investments and the possibility of changing macroeconomic conditions in the future. If significant events or significant changes occur during the term of the contract that are within PUMA's control, it will be reassessed as to whether it is sufficiently certain that the extension option will be exercised.

Significant discretionary decisions are made in the subsequent valuation of rights of use for retail stores in the context of assessing the existence of an impairment and determining the impairment requirement. Among other things, assumptions are made about the duration of the lease, the future economic development and profitability of the retail stores, and also the underlying interest rate. In determining the value in use as part of the impairment test for the retail stores in Russia, assumptions were made in particular about the occurrence of different scenarios and their probability of occurrence.

NOTES TO THE CONSOLIDATED BALANCE SHEET

3. CASH AND CASH EQUIVALENTS

As of December 31, 2022, the Group has € 463.1 million (previous year: € 757.5 million) in cash and cash equivalents. This includes bank balances, including short-term financial investments with an original term of up to three months. The average effective interest rate of financial investments was 1.7% (previous year: 1.5%) for countries without hyperinflation. The average effective interest rate of financial investments was 33.4% in countries with hyperinflation. Due to currency exchange controls, transfer restrictions of € 93.3 million were placed on the cash and cash equivalents reported.

4. INVENTORIES

Inventories are allocated to the following main groups:

T.11 (€ million)

	2022	2021
Goods/inventory and finished goods		
Footwear	750.2	356.2
Apparel	519.0	325.5
Accessories/Other	266.4	154.9
Raw materials, consumables and supplies	46.8	30.2
Prepayments made	3.2	25.9
Goods in transit	592.6	535.6
Inventory adjustments related to returns	66.9	64.0
Total	**2,245.1**	**1,492.2**

The raw materials, consumables and supplies mainly relate to raw materials for the production of golf clubs and footwear.

The table shows the carrying amounts of the inventories net of value adjustments. Of the value adjustments in the amount of € 217.0 million (previous year: € 169.3 million), approx. 67.5% (previous year approx. 58.1%) were recognized as an expense under cost of sales in the financial year 2022.

The volume of inventories recorded as an expense during the period mainly includes the cost of sales shown in the consolidated income statement.

The inventory adjustments related to returns represents the historical acquisition or production costs of the inventories for which a return is expected.

5. TRADE RECEIVABLES

This item consists of:

↗ **T.12** (€ million)

	2022	2021
Trade receivables, gross	1,122.8	906.7
Less provision for risks	-57.9	-58.7
Trade receivables, net	**1,064.9**	**848.0**

The change in the provision for risks for financial assets in the "trade receivables" class measured at amortized cost relates to receivables in connection with revenues from contracts with customers and has developed as follows:

↗ **T.13** (€ million)

	2022	2021
Status of provision for risks as of January 1	**58.7**	**61.9**
Exchange rate differences	0.4	1.5
Additions	20.3	11.8
Utilization	-5.6	-4.9
Reversals of unused provision for risks	-15.8	-11.5
Status of provision for risks as of December 31	**57.9**	**58.7**

The age structure of the trade receivables is as follows:

↗ **T.14** (€ million)

2022	Total	Not due	0-30 days	31-90 days	91-180 days	Over 180 days
Gross carrying amount – Trade receivables	1,122.8	986.7	58.5	26.4	11.6	39.7
Provision for risks	57.9	21.2	3.7	2.7	2.7	27.6
Net carrying amount – Trade receivables	1,064.9	965.5	54.8	23.7	8.9	12.1
Expected loss rate		2.1%	6.3%	10.2%	23.6%	69.6%

↗ T.15 (€ million)

2021	Total	Not due	0-30 days	31-90 days	91-180 days	Over 180 days
Gross carrying amount – Trade receivables	906.7	771.5	63.6	19.0	14.5	38.0
Provision for risks	58.7	18.6	3.2	1.2	4.4	31.4
Net carrying amount – Trade receivables	848.0	752.9	60.6	17.9	10.1	6.6
Expected loss rate		2.4%	5.0%	6.1%	30.5%	82.6%

With respect to the net carrying amount of trade receivables, PUMA assumes that the debtors will satisfy their payment obligations or that, in the event of a default, the net carrying amount will be covered by existing credit insurance. There are no significant risk concentrations as the customer base is very broad and there are no correlations.

6. OTHER CURRENT FINANCIAL ASSETS

This item consists of:

↗ T.16 (€ million)

	2022	2021
Fair value of derivative financial instruments	115.9	123.2
Other financial assets	21.6	30.2
Total	**137.4**	**153.4**

The amount shown is due within one year. The fair value corresponds to the carrying amount.

7. OTHER CURRENT ASSETS

This item consists of:

T.17 (€ million)

	2022	2021
Prepaid expense relating to the subsequent period	86.2	90.2
Other receivables	149.8	110.7
Total	**235.9**	**200.9**

The amount shown is due within one year. The fair value corresponds to the carrying amount.

Other receivables mainly comprise receivables relating to VAT of € 97.9 million (previous year: € 55.4 million) and Other taxes of € 30.3 million (previous year: € 21.3 million).

8. DEFERRED TAXES

Deferred taxes relate to the items shown below:

T.18 (€ million)

	2022	2021
Tax loss carryforwards	57.5	74.1
Non-current assets	37.6	51.4
Current assets	104.3	76.8
Provisions and other liabilities	171.0	109.5
Deferred tax assets (before netting)	**370.5**	**311.8**
Non-current assets	75.9	62.6
Current assets	37.6	11.9
Provisions and other liabilities	4.0	6.3
Deferred tax liabilities (before netting)	**117.4**	**80.7**
Deferred tax assets, net	**253.1**	**231.1**

As of December 31, 2022, tax losses carried forward amounted to a total of € 407.7 million (previous year: € 489.4 million). Deferred tax assets were recognized for these items in the amount at which the associated tax advantages are likely to be realized in the form of future profits for income tax purposes. In the financial year 2022, no deferred tax items were recognized for the losses carried forward in the amount of € 140.5 million (previous year: € 164.4 million); of which, € 135.2 million (previous year: € 158.3 million) cannot expire, of which, however, € 47.0 million (previous year: € 47.4 million) will never be utilizable due to a lack of future profits. The remaining tax losses carried forward, for which no deferred tax items were recognized, in the amount of € 5.3 million (previous year: € 6.2 million) will expire within the next six years.

In addition, no deferred tax items were recognized for temporary differences in the amount of € 22.6 million (previous year: € 28.1 million) because they were not expected to be realized as of the balance sheet date.

For Group companies that achieved a negative tax result in this or the previous financial year, a total of deferred tax assets in the amount of € 70.0 million were recognized after deduction of any deferred tax liabilities (previous year: € 49.9 million) as sufficiently positive tax results can be expected in the future on the basis of the relevant projections.

No deferred taxes on retained profits at subsidiaries were recognized where these gains are to be reinvested on an ongoing basis and there is no intention to make a distribution in this respect.

Deferred tax assets and liabilities are netted if they relate to a taxable entity and can in fact be netted. Accordingly, they are shown in the balance sheet as follows:

T.19 (€ million)

	2022	2021
Deferred tax assets	295.0	279.9
Deferred tax liabilities	42.0	48.8
Deferred tax assets, net	**253.1**	**231.1**

The changes in deferred tax assets (net) were as follows:

T.20 (€ million)

	2022	2021
Deferred tax assets, net as of January 1	231.1	236.9
Recognition in the income statement	25.1	-2.7
Adjustment related to remeasurements of the net defined benefit liability, recognized in other comprehensive income	-2.5	0.3
Adjustment related to the market value of currency hedging contracts, recognized in other comprehensive income	-0.7	-9.2
Currency exchange effects	0.0	5.8
Deferred tax assets, net as of December 31	**253.1**	**231.1**

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at their carrying amounts consist of:

T.21 (€ million)

	2022	2021
Land and buildings, including buildings on third-party land	120.7	121.6
Technical equipment and machines	133.5	125.7
Other equipment, factory and office equipment	263.1	183.0
Payments on account and assets under construction	75.0	42.1
Total	**592.2**	**472.4**

The carrying amount of property, plant and equipment is derived from the acquisition costs. Accumulated depreciation of property, plant and equipment amounted to € 535.2 million (previous year: € 457.6 million).

The changes in property, plant and equipment in the financial year 2022 are shown in "Changes in Fixed Assets" in Appendix 1 to the notes of the consolidated financial statements.

10. LEASES

The Group rents and leases offices, warehouses, facilities, technical equipment and machinery, motor vehicles and sales rooms for its own retail business. As a rule, the lease agreements have a term of between one and fifteen years. Some agreements include options to renew and price adjustment clauses.

The carrying amounts for **right-of-use assets** recognized on the balance sheet relate to the following asset classes:

T.22 (€ million)

	2022	2021
Land and buildings – Retail stores	430.9	382.9
Real Estate – Warehouses & offices	613.1	505.8
Others (Technical equipment & machines and motor vehicles)	67.3	51.9
Total	**1,111.3**	**940.5**

The changes in right-of-use assets in the financial year 2022 are shown in "Changes in Fixed Assets" in Appendix 1 to the notes to the consolidated financial statements.

The following **lease liabilities** result:

T.23 (€ million)

	2022	2021
Current lease liabilities	200.2	172.3
Non-current lease liabilities	1,030.3	851.0
Total	**1,230.4**	**1,023.4**

The amounts recognized in the income statement are as follows:

T.24 (€ million)

	2022	2021
Depreciation of right-of-use assets (incl. impairment losses) (included in operating expenses)	228.1	194.7
Profit (-)/loss (+) from disposal/revaluation	-0.9	-1.0
Interest expense (included in financial expenses)	38.6	31.5
Short-term leases (included in operating expenses)	10.1	6.3
Leases of low-value assets (included in operating expenses)	1.0	0.7
Variable lease payments (included in operating expenses)	29.7	24.5
Total	**306.8**	**256.7**

Variable lease payments are incurred in connection with the Group's own retail stores. These are based on the sales amount and are therefore dependent on the overall economic development.

As a result of the COVID-19 pandemic, PUMA was exempted—by agreement with the lessors—from rent payments of € 1.8 million (previous year: € 7.1 million), which were recognized as variable lease payments in the income statement.

Due to reduced earnings prospects based on updated financial planning and estimates as well as retail store closures, impairment expenses in the amount of € 25.4 million were recorded for the right of use of assets in connection with PUMA's own retail stores in the 2022 financial year (previous year: € 18.5 million). To determine the impairment, the recoverable amount was calculated for the individual retail stores. This amounted to € 111.4 million for impaired retail stores (previous year: € 79.6 million). As in the previous year, no impairments were reversed. There were no impairments to the other categories of right-of-use assets.

Total cash outflows from lease liabilities in 2022 amounted to € 228.7 million (previous year: € 192.4 million).

In 2022, PUMA entered into lease agreements that had not yet commenced by year-end. As a result, no lease liabilities and corresponding right-of-use assets had been recognized as of December 31, 2022. Future lease payments in connection with these agreements amount to € 2.6 million (previous year: € 2.4 million) for the next year, € 13.7 million for years two to five (previous year: € 14.3 million) and

€ 8.7 million for the subsequent period (previous year: € 6.4 million). The lease terms for these are up to 10 years.

The maturity analysis of lease liabilities is as follows:

T.25 (€ million)

	2022	2021
Residual term of:		
up to 2 years	234.0	197.3
from 2 to 5 years	665.3	545.7
more than 5 years	541.2	432.4
Total (undiscounted)	1,440.6	1,175.4
Interests	-210.2	-152.0
Total	**1,230.4**	**1,023.4**

11. INTANGIBLE ASSETS

Intangible Assets mainly include goodwill, intangible assets with indefinite useful lives (e.g. brands), assets associated with the Company's own retail activities and software licenses.

Goodwill and intangible assets with indefinite useful lives are not amortized according to schedule. Impairment tests with regard to goodwill were performed in the past financial year using the discounted cash flow method. The data from the three-year plan for the respective cash-generating unit or group of cash-generating units was used as a basis for this. Planning on the level of the cash-generating units was thereby derived from the PUMA Group's three-year plan. The following key assumptions have been made for the PUMA Group plans:

The central assumptions applied in Group-level planning in relation to macroeconomic developments are that the global economy will gradually return to normal in 2023 due to the availability of vaccines against COVID-19 and the progress made with immunizing large parts of the population in PUMA's key markets. On this basis, and assuming that COVID-19 will not have a long-term negative impact on the global economy, further sales growth and a further improved EBIT margin are expected in subsequent financial years.

Alongside the normalization of business activities, planned sales growth is based on the good future growth prospects in the sporting goods industry and on market share gains by PUMA. This is to be achieved, in particular, via the continued consistent implementation of the Forever Faster corporate strategy and the increase in PUMA's brand heat.

The improvement in EBIT margin in the planning period is the result of a slight increase in gross profit margin due to, for example, a higher share of own retail sales as a result of above-average growth of the e-commerce distribution channel. Furthermore, the slightly weaker percentage increase of other operating income and expenses compared to sales growth is also expected to contribute to the improvement of the EBIT margin; for example, the operating requirements for planned sales growth over the coming years have essentially been met, meaning that economies of scale can be realized.

The planning of investments and working capital is based on historical experience and is carried out in accordance with strategic objectives.

The future tax payments are based on current tax rates in the respective country.

For periods beyond the three-year plan, an annual growth rate is determined and used to forecast future cash flows beyond the three-year period. The assumed growth rate is based on long-term expectations of inflation rates and may not exceed the long-term average growth rates for the business area in which the respective cash-generating unit, or group of cash-generating units, operates.

The recoverable amount for the respective cash-generating unit or group of cash-generating units was determined on the basis of the value-in-use. This did not result in impairment losses for any cash-generating units.

In connection with the Golf business unit (CPG – Cobra PUMA Golf), the Cobra brand exists as an intangible asset with an indefinite useful life amounting to € 133.4 million (previous year: € 125.6 million). The carrying amount of the Cobra brand is significant in comparison to the overall carrying amount of the intangible assets with an indefinite useful life. It was assigned to the North America business segment, where the headquarters of Cobra PUMA Golf is located. The recoverable amount of the Cobra brand was determined using the relief from royalty-method (level 3 – see explanation in chapter 14). A discount rate of 9.4% p.a. (previous year: 7.4% p.a.), a royalty rate of 8.0% (previous year: 8.0%) and a sustainable 2.0% growth rate (previous year: 1.7%) was used. The management's key assumptions about sales growth and improvement in the EBIT margin in Cobra's or CPG's three-year plan are essentially in line with the fundamental assumptions in the plans at Group level.

If there is evidence that the underlying Cobra business is insufficiently profitable, the trademark is not only valued individually using the relief from royalty-method, but the recoverable amount of the cash-generating units to which the trademark is attributable is determined. In 2022, there were no indications of an impairment.

In the financial year, development costs in connection with Cobra brand golf clubs amounting to € 1.9 million (previous year: € 1.7 million) were capitalized. Development costs are allocated to the item Other Intangible Assets in "Changes in Fixed Assets." Current amortization of development costs amounted to € 1.9 million in the financial year (previous year: € 1.1 million).

The changes in intangible assets in the financial year are shown in "Changes in Fixed Assets" of Appendix 1 to the notes to the consolidated financial statements. The item other intangible assets includes advance payments in the amount of € 5.6 million (previous year: € 5.7 million).

The current amortization of intangible assets in the amount of € 36.3 million (previous year:€ 27.8 million) is included in the other operating expenses. Of this, € 7.7 million relate to sales and distribution expenses (previous year: € 5.8 million), € 0.1 million to expenses for product management/ merchandising (previous year: € 0.1 million), € 1.9 million to development expenses (previous year: € 1.1 million), and € 26.5 million to administrative and general expenses (previous year: € 20.8 million). There were no impairment expenses exceeding current depreciation (previous year: € 0.0 million).

Goodwill is allocated to the Group's identifiable groups of cash-generating units (CGUs) according to the countries where the activities are carried out. Summarized by regions, goodwill is allocated as follows:

T.26 (€ million)

	2022	2021
PUMA UK	1.6	1.7
Genesis	6.9	7.3
Subtotal Europe	8.5	9.0
PUMA Canada	9.9	9.9
PUMA United	2.1	1.9
Subtotal North America	11.9	11.8
PUMA Argentina	16.4	15.4
PUMA Chile	0.5	0.5
PUMA Mexico	10.9	9.8
Subtotal Latin America	27.8	25.7
PUMA China	2.5	2.5
PUMA Taiwan	13.7	14.3
Subtotal Greater China	16.2	16.8
PUMA Japan	38.9	42.0
Subtotal Asia/Pacific (excluding Greater China)	38.9	42.0
stichd	139.4	139.4
Total	**242.7**	**244.7**

Assumptions used in conducting the impairment tests in 2022:

T.27

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
Europe	19.0%	12.3%-12.4%	10.4%
North America*	26.2%	11.8%	9.1%
Latin America	27.0%-34.9%	14.8%-65.4%	11.2%-58.3%
Greater China	20.0%-25.0%	12.1%-13.5%	10.0%-10.6%
Asia/ Pacific (excluding Greater China) *	38.1%	14.3%	9.4%
stichd*	25.0%	12.0%	9.4%

* The information for North America, Asia / Pacific (excluding Greater China) and stichd relates in each case to only one cash-generating unit (CGU)

The tax rates used for the impairment test correspond to the actual tax rates in the respective countries. The weighted average cost of capital (WACC) was derived on the basis of the weighted average cost of total capital, taking into account a standard market capital structure (ratio of debt to equity) and including the most important listed competitors (peer group).

In addition, a growth rate of 2.0% (previous year: 1.7%) is generally assumed. A growth rate of less than 2.0% (previous year: less than 1.7%) was applied only in justified exceptional cases, where the long-term expectations on inflation rate for the country in which the cash-generating unit operates were lower than the assumed growth rate; this applies, in particular, to Japan, Taiwan and Canada.

The cash-generating unit stichd includes goodwill of € 139.4 million (previous year: € 139.4 million), which is significant in comparison to the overall carrying amount of goodwill. The recoverable amount was determined by a value-in-use calculation with a discount rate of 9.4% p.a. (previous year: 7.1% p.a.) and a growth rate of 2.0% (previous year: 1.7%). The three-year plan of stichd shows sales growth in the high single-digit percentage range. In the three-year plan for stichd, a lower improvement in the EBIT margin is expected compared to the Group, as the EBIT margin of stichd is already higher than for the Group as a whole.

The cash-generating unit PUMA Japan includes goodwill of € 38.9 million (previous year: € 42.0 million), which is significant in comparison to the overall carrying amount of goodwill. The recoverable amount was determined by a value-in-use calculation with a discount rate of 9.4% p.a. (previous year: 7.1% p.a.) and a growth rate of 1.0% (previous year: 1.2%). PUMA Japan's three-year plan shows sales growth in the low double-digit percentage range. PUMA Japan's three-year plan shows that the company expects a strong improvement of the EBIT margin and a return to the historical profitability level of PUMA Japan.

The following table contains the assumptions for the performance of the impairment test in the previous year:

T.28

	Tax rate (range)	**WACC before tax (range)**	**WACC after tax (range)**
Europe	19.0%	8.9%-9.0%	7.6%
North America*	26.2%	9.4%	7.3%
Latin America	27.0%-30.0%	11.5%-40.9%	8.8%-54.4%
Greater China	20.0%-25.0%	7.8%-10.3%	6.4%-8.1%
Asia/ Pacific (excluding Greater China) *	31.8%	9.8%	7.1%
stichd*	25.0%	9.0%	7.1%

* The information for North America, Asia / Pacific (excluding Greater China) and stichd relates in each case to only one cash-generating unit (CGU)

12. OTHER NON-CURRENT ASSETS

Other non-current financial and non-financial assets consist of:

T.29 (€ million)

	2022	2021
Investments	21.7	25.2
Fair value of derivative financial instruments	2.5	6.8
Other financial assets	34.2	32.6
Total of other non-current financial assets	**58.4**	**64.6**
Other non-current non-financial assets	8.8	9.1
Other non-current assets, total	**67.2**	**73.7**

The investments relate to the 5.32% shareholding in Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien (BVB) with registered office in Dortmund, Germany. According to the audited IFRS consolidated financial statements 2021/2022 of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, equity as of June 30, 2022 amounted to € 280.5 million and the result of the last financial year was € -35.1 million.

The other financial assets mainly include rental deposits of € 29.8 million (previous year: € 30.5 million). The other non-current non-financial assets mainly include accruals and deferrals in connection with promotional and advertising agreements.

13. LIABILITIES

The residual terms of liabilities are as follows:

T.30 (€ million)

	2022				2021			
		Residual term of				Residual term of		
	Total	up to 1 year	1 to 5 years	over 5 years	**Total**	up to 1 year	1 to 5 years	over 5 years
Financial liabilities	**327.4**	75.9	251.5		**380.0**	68.5	311.5	
Trade payables	**1,734.9**	1,734.9			**1,176.4**	1,176.4		
Other liabilities *								
Liabilities from other taxes	**82.6**	82.6			**54.0**	54.0		
Liabilities relating to social security	**10.0**	10.0			**8.5**	8.5		
Payables to employees	**137.2**	137.2			**127.4**	127.4		
Liabilities from refund obligations	**373.9**	373.9			**351.2**	351.2		
Liabilities from derivative financial instruments	**52.4**	39.5	12.9		**44.5**	42.4	2.1	
Other liabilities	**54.0**	51.7	2.0	0.3	**31.5**	29.9	1.1	0.5
Total	**2,772.5**	2,505.8	266.3	0.3	**2,173.7**	1,858.4	314.8	0.5

* The maturity analysis on lease liabilities is presented in chapter 10.

The liabilities from refund obligations result from contracts with customers and essentially comprise obligations from customer return rights.

As of December 31, 2022, € 67.5 million (previous year: € 136.0 million) of the financial liabilities were subject to variable interest.

14. FINANCIAL INSTRUMENTS

Additional Disclosures on Financial Instruments

T.31 (€ million)

	Measurement categories under IFRS 9	Carrying amount 2022	Fair value 2022	Level 1	Level 2	Level 3	Carrying amount 2021	Fair value 2021	Level 1	Level 2	Level 3
Assets											
Cash and cash equivalents	[1]AC	463.1					757.5				
Trade receivables	AC	1,064.9					848.0				
Other Current Financial Assets											
Derivatives with a hedging relationship	n.a.	56.1	56.1		56.1		105.3	105.3		105.3	
Derivatives without hedging relationship	[2]FVPL	59.8	59.8		59.8		17.9	17.9		17.9	
Remaining current financial assets	AC	21.6					30.2				
Other non-current financial assets											
Derivatives with a hedging relationship	n.a.	2.5	2.5		2.5		6.8	6.8		6.8	
Investments	[3] FVOCI	21.7	21.7	21.7			25.2	25.2	25.2		
Remaining non-current financial assets	AC	34.2					32.6				
Liabilities											
Current financial liabilities											
Bank liabilities	AC	15.9					0.0				
Promissory note loans	AC	60.0	59.3		59.3		68.5	68.5		68.5	
Trade payables	AC	1,734.9					1,176.4				
Current lease liabilities	n.a.	200.2					172.3				

	Measurement categories under IFRS 9	Carrying amount 2022	Fair value 2022	Level 1	Level 2	Level 3	Carrying amount 2021	Fair value 2021	Level 1	Level 2	Level 3
Other current financial liabilities											
Derivatives with a hedging relationship	n.a.	23.6	23.6		23.6		30.0	30.0		30.0	
Derivatives without hedging relationship	[2]FVPL	15.9	15.9		15.9		12.3	12.3		12.3	
Remaining current financial liabilities	AC	36.5					22.1				
Non-current lease liabilities	n.a.	1,030.3					851.0				
Other non-current financial liabilities											
Non-current financial liabilities (promissory note loans)	AC	251.5	239.5		239.5		311.5	311.5		311.5	
Derivatives with a hedging relationship	n.a.	12.9	12.9		12.9		2.1	2.1		2.1	
Remaining non-current financial liabilities	AC	1.0					0.4				
Total financial assets at amortized cost		**1,583.8**					**1,668.3**				
Total financial liabilities at amortized cost		**2,099.8**					**1,578.9**				
Total financial assets at fair value through profit or loss		**59.8**					**17.9**				
Total financial liabilities at fair value		**15.9**					**12.3**				
Total financial assets at fair value through other comprehensive income		**21.7**					**25.2**				

1) AC = at amortized cost
2) FVPL = fair value through PL
3) FVOCI (fair value through OCI) = equity instruments at fair value through other comprehensive income

Financial instruments that are measured at fair value in the balance sheet were determined using the following hierarchy:

Level 1: Use of prices quoted on active markets for identical assets or liabilities.

Level 2: Use of input factors that do not involve the quoted prices stated under level 1, but can be observed for the asset or liability either directly (i.e., as the price) or indirectly (i.e., derived from the price).

Level 3: Use of factors for the valuation of the asset or liability that are based on non-observable market data.

Reclassification between different levels of the fair value hierarchy are recorded at the end of the reporting period in which the change occurred.

The fair value of the investments held for strategic reasons only refers to equity instruments of the category "fair value through OCI" (FVOCI) and is determined on the basis of level 1. The fair value of the derivative assets and liabilities as well as the fair value of the promissory note loans were determined in accordance with level 2.

The following table shows the measurement techniques used for determining level 2 fair values for financial instruments.

↗ T.32

Type	Measurement technique	Material, non-observable input factors	Connection between material, non-observable input factors and fair value measurement
Currency forward transactions	The fair values are determined on the basis of current market parameters, i.e., reference prices observable on the market, taking into account forward premiums and discounts. The discounted result of the comparison of the forward price on the reporting date with the forward price on the valuation date is included in the measurement. The fair values are also checked for the counterparty's non-performance risk. In doing this, PUMA calculates credit value adjustments (CVA) or debt value adjustments (DVA) on the basis of an up/down method, taking current market information into account, in particular the creditworthiness of the company's business partners. No material deviations were found, so that no adjustments were made to the fair value determined.	Not applicable	Not applicable
Currency options	The valuation is based on the Garman Kohlhagen model, an extended version of the Black Scholes model.	Not applicable	Not applicable
Promissory note loans	The valuation takes into account the cash value of expected payments, discounted using a risk-adjusted discount rate.	Not applicable	Not applicable

Of the fair value of the derivatives with a hedge relationship with positive market values of € 58.6 million (previous year: € 112.1 million), € 65.9 million (previous year: € 107.8 million) related to the valuation of the spot component. Of the fair value of the derivatives with a hedge relationship with negative market values of € 36.5 million (previous year: € 32.2 million), € 46.9 million (previous year: € 25.7 million) related to the valuation of the spot component.

Cash and cash equivalents, trade receivables and other receivables have short maturities. Accordingly, as of the reporting date, the carrying amount approximates fair value. Receivables are stated at nominal value, taking into account deductions for default risk.

The fair values of other financial assets correspond to their carrying amount as the interest calculation occurs at the prevailing market interest rates on the balance sheet date. Other (current and non-current) financial assets include € 37.8 million (previous year: € 36.7 million) that were pledged as rental deposits at usual market rates.

Trade payables have short residual maturities; their carrying amounts therefore approximate fair value.

The remaining financial liabilities have short residual maturities; the recognized amounts therefore approximate fair value.

Net result by measurement categories:

T.33 (€ million)

	2022	2021
Financial assets at amortized cost (AC)	26.0	-5.8
Financial liabilities at amortized cost (AC)	-7.1	-6.5
Derivatives without hedge relationship measured at fair value through profit or loss (FVPL)	-47.6	-10.0
Financial assets measured at fair value through other comprehensive income (FVOCI)	-3.4	-6.2
Total	**-32.1**	**-28.5**

The net result was determined by taking into account interest income and expense, currency exchange effects, changes in provisions for risks as well as gains and losses from disposal.

The net result includes interest income of € 31.8 million (previous year: € 11.4 million) and interest expenses of € 15.2 million (previous year: € 12.9 million) according to the effective interest method.

General administrative expenses include changes in risk provisions for receivables.

DISCLOSURES RELATING TO FINANCIAL RISKS

The PUMA Group is exposed to the following risks from the use of financial instruments:

- Default Risk
- Liquidity Risk
- Market risk

These risks and the principles of risk management are explained below.

PRINCIPLES OF RISK MANAGEMENT

The Management Board of PUMA SE is responsible for developing and monitoring risk management in the PUMA Group. To this end, the Management Board has set up a Risk Management Committee that is responsible for designing, reviewing and adapting the risk management system. The Risk Management Committee regularly reports to the Management Board on its work.

The guidelines for the risk management system define the responsibilities, tasks and processes of the risk management system. The guidelines for the risk management system and the risk management system itself are reviewed regularly in order to be able to pick up on any changes in market conditions and PUMA's activities and incorporate them accordingly.

The Audit Committee, on the one hand, monitors the Management Board's compliance with the guidelines and the Group risk management processes. On the other, the Audit Committee monitors the effectiveness of the risk management system with regard to the risks to which the PUMA Group is exposed. The Internal Audit department supports the Audit Committee in its monitoring tasks. To this end, regular audits and ad hoc audits are also carried out by the Internal Audit department. Their results are reported directly to the Audit Committee.

DEFAULT RISK

Default risk is the risk of financial losses if a customer or party to a financial instrument fails to meet its contractual obligations. Default risk arises in principle from trade receivables and from other contractual financial obligations of the counterparty, such as bank deposits and derivative financial instruments.

Without taking into account any existing credit insurance policies or other guarantees received, the maximum default risk is equal to the carrying amount of the financial assets.

At the end of the financial year 2022, there was no relevant concentration of the default risk by customer type or region. Default risk is mainly influenced by individual customer characteristics. In accordance with our credit guidelines, new customers are checked for creditworthiness before we offer them our regular payment and delivery terms. In addition, we set specific receivables limits for each customer. In particular, the international credit insurance program that PUMA has concluded for all major subsidiaries contributes to risk mitigation. The creditworthiness of our customers and the limits on receivables are monitored on an ongoing basis, which also includes the requesting of individual credit limits from credit insurance providers for all customers who have external accounts that exceed a certain value limit. The credit insurer's response to such credit limit requests always includes information on the creditworthiness. Customers with a credit rating that does not meet the minimum requirements set may, as a rule, only acquire products against advance payment.

Further activities to reduce default risk include retention of title clauses, and also in individual cases the selective sale of trade receivables (without recourse) and the obtaining of bank guarantees or parent company guarantees for our customers.

At the end of the financial year 2022, no individual customers accounted for more than 10% of trade receivables.

The central Treasury department has a comprehensive overview of the banks engaged in this context for currency hedging instruments and for the management of cash and cash equivalents. Business with banks is focused on core banks with the appropriate credit rating (currently a minimum rating of BBB+ or better), while maximum risk amounts are specified for banks that have also been engaged in addition to this. The counterparty risks resulting from this are reviewed at least once every six months.

PUMA held currency-related derivative financial instruments with a positive market value of € 118.3 million in 2022 (previous year: € 130.1 million). The maximum default risk for an individual bank from such assets amounted to € 24.8 million (previous year: € 22.4 million).

In accordance with IFRS 7, the following table contains further information on the offsetting options for derivative financial assets and liabilities. Most agreements between financial institutions and PUMA include a mutual right to offsetting; the right to offsetting is only enforceable in the event of the default of a business partner. The criteria for offsetting them in the balance sheet are therefore not met.

The carrying amounts of the derivative financial instruments affected by the aforementioned offsetting agreements are shown in the following table:

T.34 (€ million)

	2022	2021
Assets		
Gross amounts of financial assets recognized in the balance sheet	118.3	130.1
Financial instruments that qualify for offsetting	0.0	0.0
= Net book value of financial assets	**118.3**	130.1
Offsettable on the basis of framework agreements	-50.6	-43.0
Total net value of financial assets	**67.7**	**87.1**

	2022	2021
Liabilities		
Gross amounts of financial liabilities recognized in the balance sheet	52.4	44.5
Financial instruments that qualify for offsetting	0.0	0.0
= Net book value of financial liabilities	**52.4**	**44.5**
Offsettable on the basis of framework agreements	-50.6	-43.0
Total net value of financial liabilities	**1.8**	**1.5**

LIQUIDITY RISK

Liquidity risk is the risk that the Group may not be able to meet its financial liabilities by delivering cash or other financial assets in accordance with the agreement. The objective of the Group in managing liquidity is to ensure that, as far as possible, sufficient cash and cash equivalents are always available in order to meet the payment obligations upon maturity, under both normal and strained conditions.

PUMA aims to maintain the amount of cash, cash equivalents and fixed loan commitments at a level that covers the effects of an assumed worst-case scenario. This scenario is based on the events and financial impact of the COVID-19 crisis in Q2 2020, which must be covered accordingly.

PUMA has confirmed credit lines amounting to a total of € 1,271.0 million (previous year: € 1,322.0 million).

No financial liabilities were utilized from credit lines granted only until further notice. Unutilized credit lines totaled € 943.7 million as of December 31, 2022, compared to € 942.0 million in the previous year.

The effective interest rate of the financial liabilities ranged between 0.0% and 0.9% (previous year: 0.0% to 0.9%).

The following table shows the contractual residual maturities of the financial liabilities as of the reporting date, including estimated interest payments. These are non-discounted gross amounts, but exclude presentation of the effects of offsetting:

T.35 CASH FLOWS FROM NON-DERIVATIVE AND DERIVATIVE FINANCIAL LIABILITIES (€ million)

	Carrying amount 2022	Cashflow 2023		Cashflow 2024		Cashflow 2025 et seq.	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities							
Financial liabilities	327.4	2.4	75.9	1.6	125.0	1.3	126.5
Trade payables	1,734.9		1,734.9				
Other liabilities	37.5		36.5		0.8		0.2
Derivative financial liabilities and assets							
Cash inflow from derivative financial instruments			4,346.0		792.6		
Cash outflow from derivative financial instruments			4,258.9		789.7		

The following values were determined in the previous year:

T.36 CASH FLOWS FROM NON-DERIVATIVE AND DERIVATIVE FINANCIAL LIABILITIES (€ million)

	Carrying amount 2021	Cashflow 2022		Cashflow 2023		Cashflow 2024 et seq.	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities							
Financial liabilities	380.0	2.4	68.5	2.1	60.0	2.8	251.5
Trade payables	1,176.4		1,176.4				
Other liabilities	22.5		22.1		0.2		0.2
Derivative financial liabilities and assets							
Cash inflow from derivative financial instruments			3,730.6		674.1		
Cash outflow from derivative financial instruments			3,658.9		665.3		

MARKET RISK

Market risk is the risk that market prices, such as exchange rates, share prices or interest rates, may change, thereby affecting the income of the Group or the value of the financial instruments held.

The objective of market risk management is to manage and control the market risk within acceptable bandwidths while optimizing returns.

To manage market risks, PUMA acquires and sells derivatives and also enters into financial liabilities. All transactions are carried out within the framework of the Group's risk management regulations.

CURRENCY RISK

PUMA is exposed to transactional foreign currency risks such that the quoted currencies used for acquisition, disposal and credit transactions and for receivables do not match the functional currency of the Group companies.

In the financial year 2022, PUMA designated currency hedges as cash flow hedges in order to hedge the amount payable of purchases denominated in USD, and converted to euros, as well as for other currency risks resulting from internal resale to PUMA subsidiaries.

Furthermore, currency swaps and currency forward transactions are used to hedge foreign exchange risks when measuring intra-group loans denominated in foreign currencies.

The estimated foreign currency risks are initially subjected to a quantitative materiality test, while simultaneously taking hedging costs into account. Material risks are then hedged, in accordance with the Group directive, up to a hedging ratio of up to 95% of the estimated foreign currency risks from expected acquisition and disposal transactions over the next 12 to 15 months. Currency forward transactions and currency options, usually with a term of around 12 months from the reporting date, are used to hedge the foreign currency risk. For significant risks that are subject to large hedging costs, high hedging ratios can only be achieved over shorter terms.

To hedge the currency risk of currency forward transactions, the Group designates the spot rate and, in the case of options contracts, the intrinsic value. The interest component and/or fair value are excluded from the designation of the hedging instrument and are recorded in the financial result through profit or loss.

The Group determines the existence of an economic relationship between the hedging instrument and the hedged underlying transaction on the basis of the currency, amount and time of their respective cash flows (critical terms match method). The Group uses the cumulative dollar offset method to assess whether the derivative designated in each hedging relationship is expected to be prospectively effective and retrogradely effective in relation to offsetting changes in the cash flows of the hedged underlying transaction.

The main reason for ineffectiveness is the decline or loss of hedged transactions in these hedging relationships.

The summarized quantitative information about the Group's currency risk is as follows:

↗ **T.37** (€ million)

as of December 31, 2022	USD	GBP	JPY
Risk from forecast transactions	-1,665.5	104.5	205.2
Balance sheet risk	-307.1	76.6	28.3
Total gross risk	**-1,972.6**	**181.0**	**233.4**
Hedged with currency forward transactions	1,833.9	-171.9	-181.6
Net risk	**-138.7**	**9.1**	**51.9**

↗ **T.38** (€ million)

as of December 31, 2021	USD	GBP	JPY
Risk from forecast transactions	-1,562.3	168.7	166.2
Balance sheet risk	-380.2	39.0	39.7
Total gross risk	**-1,942.5**	**207.7**	**206.0**
Hedged with currency forward transactions	1,902.4	-197.2	-194.8
Net risk	**-40.1**	**10.5**	**11.1**

Currency forward transactions and the risk from forecast transactions were calculated on a one-year basis.

The nominal amounts of open exchange rate-hedging transactions, which relate mainly to cash flow hedges, refer primarily to currency forward transactions in a total amount of € 3,792.6 million (previous year: € 3,730.4 million). These underlying transactions are expected to generate cash flows in 2023 and 2024.

The market values of open exchange rate-hedging transactions on the balance sheet date consist of:

↗ **T.39** (€ million)

	2022	2021
Currency forward transactions	118.3	129.0
Currency options	0.0	1.1
Currency hedging contracts, assets (see chapters 6 and 12)	**118.3**	**130.1**
Currency forward transactions	52.4	44.5
Currency hedging contracts, liabilities (see chapter 13)	**52.4**	**44.5**
Net	**66.0**	**85.5**

The net risk position and the average hedged rates of the currency forward transactions are as follows:

T.40

	2022		2021	
	Current	Non-current	Current	Non-current
Currency risk				
Net risk position (€ million)	**1,167.5**	**508.2**	**1,246.7**	**420.7**
Currency forward transactions				
Average EUR/USD exchange rate	1.092	1.069	1.206	1.161
Average EUR/GBP exchange rate	0.864	0.880	0.865	0.858
Average EUR/JPY exchange rate	133.205	137.338	128.957	130.577

On the balance sheet date, the amounts relating to items designated as hedged underlying transactions with regard to exchange rate risks were as follows:

T.41 (€ million)

	Change in value for the calculation of hedge ineffectiveness	Reserve for cash flow hedges	Balances remaining in the cash flow hedging reserve from hedging relationships to which hedge accounting is no longer applied
As of December 31, 2022			
Currency risk – sales transactions	-31.1	29.8	0.0
Currency risk – sourcing transactions	188.1	-15.7	0.0
As of December 31, 2021			
Currency risk – sales transactions	5.0	-8.2	0.0
Currency risk – sourcing transactions	123.5	86.3	0.0

The amounts relating to items designated as hedging instruments and the ineffectiveness of the hedging relationships are as follows:

T.42 (€ million)

	Nominal value	Carrying amount			In financial year 2022					
		Assets	Liabilities	Items in the balance sheet, in which the hedging instrument is included	Changes in the value of the hedging instrument, recognized in other comprehensive income	Ineffectiveness of the hedging relationship, recognized in the income statement	Items in income statement containing the ineffectiveness of the hedging	Amount transferred from the hedging reserve to the inventory acquisition cost	Amount reclassified from the hedging reserve to the income statement	Items in the income statement affected by the reclassification
As of December 31, 2022										
Currency risk – sales transactions	1,097.7	44.0	-3.5	Other current/ non-current financial assets/ liabilities	31.1	-	Financial expenses	-	-16.7	Sales
Currency risk – sourcing transactions	2,082.6	21.9	-43.4		-188.1	-		91.9	144.0	Cost of sales
					In financial year 2021					
As of December 31, 2021										
Currency risk – sales transactions	1,306.9	17.0	-25.2	Other current/ non-current financial assets/ liabilities	-5.0	-	Financial expenses	-	11.2	Cost of sales
Currency risk – sourcing transactions	2,150.3	90.8	-0.5		-123.5	-		9.8	-68.2	Cost of sales

The following table shows the reconciliation of the change in equity in relation to cash flow hedges:

T.43 (€ million)

	2022	2021
Cash flow hedging reserve as of Jan 1	**78.1**	**-87.6**
Change in fair value	157.0	128.4
Amount included in the acquisition cost of non-financial assets	-91.9	-9.8
Amount reclassified to the income statement	-128.2	56.2
Tax effect	-0.7	-9.2
Cash flow hedging reserve as of Dec 31	**14.2**	78.1

A small portion of the originally planned sourcing and sales volume in foreign currencies did not transpire, leading to an excess of hedging transactions. Hedge accounting was terminated for those sourcing and sales transactions that were no longer expected to transpire, and the fair value was transferred as a profit or loss from the hedging reserve to the income statement. As soon as any highly likely sourcing or sales transaction is no longer expected to transpire, an offsetting transaction is concluded. In 2022, this primarily concerned the EUR/RUB currency pair. An amount of € -14.8 million across all currency pairs (previous year: € -2.9 million) was recognized as a loss in the income statement.

Currency Sensitivity Analysis

In order to disclose market risks, IFRS 7 requires sensitivity analysis that show the effects of hypothetical changes in relevant risk variables on earnings and equity. The periodic effects are determined by relating the hypothetical changes caused by the risk variables to the balance of the financial instruments held as of the balance sheet date. The underlying assumption is that the balance as of the balance sheet date is representative for the entire year.

Currency risks as defined by IFRS 7 arise on account of financial instruments that are denominated in a currency which differs from the functional currency and are monetary in nature. Differences resulting from the conversion of the individual financial statements to the group currency are not taken into account. All non-functional currencies in which PUMA employs financial instruments are generally considered to be relevant risk variables.

The currency sensitivity analysis is based on the net balance sheet risk denominated in foreign currencies. This also includes intra-company monetary assets and liabilities. Outstanding currency derivatives are also reassessed as part of the sensitivity analysis.

The following table shows the increase or decrease of profit or loss or hedging reserve in equity in the event of a 10% appreciation or depreciation against the euro spot price. It is assumed that all other influencing factors, including interest rates and commodity prices, remain constant. The effects of the forecasted operating cash flows are also ignored.

T.44 (€ million)

As of December 31, 2022	USD	GBP	JPY
Nominal amounts of outstanding currency forward transactions	2,428.2	-205.7	-233.8
Net risk position	**EUR +10%**	**EUR +10%**	**EUR +10%**
Equity	-186.6	7.7	13.9
Profit or loss	5.7	-0.1	0.4
	EUR -10%	**EUR -10%**	**EUR -10%**
Equity	221.0	-18.8	-28.7
Profit or loss	-6.9	0.1	-0.5

T.45 (€ million)

As of December 31, 2021	USD	GBP	JPY
Nominal amounts of outstanding currency forward transactions	2,404.6	-234.2	-253.6
Net risk position	**EUR +10%**	**EUR +10%**	**EUR +10%**
Equity	-280.9	22.5	15.6
Profit or loss	7.2	-0.3	-0.3
	EUR -10%	**EUR -10%**	**EUR -10%**
Equity	136.4	-18.0	-24.3
Profit or loss	-8.7	0.4	0.3

Currency risks and other risk and opportunity categories are discussed in greater detail in the Combined Management Report in the Risk and Opportunity Report.

INTEREST-RATE RISKS

Changes in market interest rates around the world have an impact on future interest payments for variable interest liabilities. As PUMA does not have any significant variable interest liabilities, any significant interest-rate increases are not likely to have a material negative impact on the business development of PUMA. Interest rate hedging instruments are therefore not required.

15. PENSION PROVISIONS

Pension provisions result from employees' claims and, if applicable, their survivors, for benefits which are based on the statutory or contractual regulations applicable in the respective country in the event of invalidity, death or when a certain retirement age has been reached. Pension commitments in the PUMA Group include both benefit- and contribution-based pension commitments and include both obligations from current pensions and rights to pensions payable in the future. The pension entitlements are financed by both provisions and funds.

The risks associated with the pension commitments mainly concern the usual risks of benefit-based pension plans in relation to possible changes in the discount rate and inflation trends, and recipient longevity. In order to limit the risks of changed capital market conditions and demographic developments, plans with the maximum obligations were agreed or insured for new hires a few years ago in Germany and Great Britain. The specific risk of obligations based on salary is low within the PUMA Group. The introduction of an annual cap for pensionable salary in the Great Britain plan in 2016 covers this risk for the highest obligations. The Great Britain plan is therefore classified as a non-salary obligation.

T.46 (€ million)

	Germany	Great Britain	Other Companies	PUMA Group
Present Value of Pension Obligation 12/31/2022				
Salary-based obligations				
Annuity	0.0	0.0	8.6	8.6
One-off payment	0.0	0.0	9.3	9.3
Non-salary-based obligations				
Annuity	48.9	29.6	0.0	78.5
One-off payment	7.9	0.0	0.0	7.9
Total	**56.8**	**29.6**	**17.9**	**104.3**

The following values were determined in the previous year:

T.47 (€ million)

	Germany	Great Britain	Other Companies	PUMA Group
Present Value of Pension Obligation 12/31/2021				
Salary-based obligations				
Annuity	0.0	0.0	10.0	10.0
One-off payment	0.0	0.0	9.7	9.7
Non-salary-based obligations				
Annuity	43.5	51.4	0.0	94.9
One-off payment	7.7	0.0	0.0	7.7
Total	**51.2**	**51.4**	**19.7**	**122.3**

The main pension arrangements are described below:

The general pension scheme of PUMA SE essentially provides for pension payments to a maximum amount of € 127.82 per month and per eligible employee. It was closed for new members beginning in 1996. In addition, PUMA SE provides individual commitments (fixed sums in different amounts) as well as contribution-based individual benefits (in part from salary conversion). The contribution-based individual benefits are insured plans. There are no statutory minimum funding requirements. The scope of obligation for domestic pension claims amounts to € 56.8 million at the end of 2022 (previous year: € 51.2 million) and thus comprises 54.5% of the total obligation. The fair value of the plan assets relative to domestic obligations amounts to € 49.2 million. The corresponding pension provision amounts to € 7.6 million.

The defined benefit plan in Great Britain has not been available to new hires since 2006. This defined benefit plan includes salary and length of service-based commitments to provide old age, invalidity and surviving dependents' retirement benefits. In 2016, a growth cap of 1% p.a. was introduced on the pensionable salary. Partial capitalization of the old-age pension is permitted. There are statutory minimum funding requirements. The obligations regarding pension claims under the defined benefit plan in Great Britain amount to € 29.6 million at the end of 2022 (previous year: € 51.4 million) and thus accounts for 28.4% of the total obligation. The obligation is covered by assets amounting to € 28.5 million. The provision amounts to € 1.1 million.

The changes in the present value of pension obligaton are as follows:

T.48 (€ million)

	2022	2021
Present Value of Pension Obligation January 1	**122.3**	**111.7**
Cost of the pension obligation earned in the reporting year	2.5	2.6
Interest expense on pension obligation	1.9	1.4
Employee contributions	8.3	8.3
Benefits paid	-3.4	-3.3
Effects from transfers	0.0	0.1
Actuarial gains (-) and losses	-25.1	-2.0
Currency exchange effects	-2.2	3.5
Present Value of Pension Obligation December 31	**104.3**	**122.3**

The changes in the plan assets are as follows:

T.49 (€ million)

	2022	2021
Plan Assets January 1	**90.7**	**73.5**
Interest income on plan assets	1.4	0.9
Actuarial gains and losses (-)	-15.0	1.9
Employer contributions	1.0	5.6
Employee contributions	8.3	8.3
Benefits paid	-2.3	-2.3
Currency exchange effects	-1.7	2.8
Plan Assets December 31	**82.4**	**90.7**

The pension provision for the Group is derived as follows:

T.50 (€ million)

	2022	2021
Present value of pension obligation from benefit plans	104.3	122.3
Fair value of plan assets	-82.4	-90.7
Financing Status	**21.9**	**31.6**
Pension Provision December 31	**21.9**	**31.6**
of which, assets	0.5	0.3
of which, liabilities	22.4	31.9

In 2022, benefits paid amounted to € 3.4 million (previous year: € 3.3 million). Contributions in 2023 are expected to amount to € 2.8 million. Of this, € 1.0 million is expected to be paid directly by the employer. Employer contributions to external plan assets amounted to € 1.0 million in 2022 (previous year: € 5.6 million). Employer contributions in 2023 are expected to amount to € 0.4 million.

The changes in pension provisions are as follows:

T.51 (€ million)

	2022	2021
Pension Provision January 1	**31.6**	**38.2**
Pension expense	3.0	3.1
Actuarial gains (-) and losses recorded in Other Comprehensive Income	-10.1	-3.9
Employer contributions	-1.0	-5.6
Direct pension payments made by the employer	-1.1	-1.0
Transfer values	0.0	0.1
Currency exchange differences	-0.5	0.7
Pension Provision December 31	**21.9**	**31.6**
of which, assets	0.5	0.3
of which, liabilities	22.4	31.9

The expenses in the 2022 financial year are structured as follows:

T.52 (€ million)

	2022	2021
Cost of the pension obligation earned in the reporting year	2.5	2.6
Past service costs	0.0	0.0
Income (-) and expenses from plan settlements	0.0	0.0
Interest expense on pension obligation	1.9	1.4
Interest income on plan assets	-1.4	-0.9
Administration costs	0.0	0.0
Expenses for Defined Benefit Plans	**3.0**	**3.1**
of which, personnel costs	2.5	2.6
of which, financial costs	0.5	0.5

In addition to the defined benefit pension plans, PUMA also makes contributions to defined contribution plans. Payments for the financial year 2022 amounted to € 18.5 million (previous year: € 15.0 million).

Actuarial gains and losses recorded in Other Comprehensive Income:

T.53 (€ million)

	2022	2021
Revaluation of Pension Commitments	**-25.1**	**-2.0**
Actuarial gains (-) and losses resulting from changes in demographic assumptions	-0.1	0.5
Actuarial gains (-) and losses resulting from changes in financial assumptions	-30.3	-2.7
Actuarial gains (-) and losses due to adjustments based on experience	5.3	0.2
Revaluation of Plan Assets	**15.0**	**-1.9**
Amounts not recorded due to the maximum limit applicable to assets	0.0	0.0
Adjustment of administration costs	0.0	0.0
Total Revaluation Amounts recorded directly in Other Comprehensive Income	**-10.1**	**-3.9**

Plan assets investment classes:

↗ **T.54** (€ million)

	2022	2021
Cash and cash equivalents	0.1	6.6
Equity instruments	5.5	0.8
Bonds	3.5	7.1
Investment funds	3.0	14.0
Derivatives	11.6	9.2
Real estate	2.9	4.8
Insurance	49.4	40.8
Other	6.4	7.4
Total Plan Assets	**82.4**	**90.7**

Of which, investment classes with a quoted market price:

↗ **T.55** (€ million)

	2022	2021
Cash and cash equivalents	0.1	6.6
Equity instruments	5.5	0.8
Bonds	3.5	7.1
Investment funds	3.0	14.0
Derivatives	11.6	9.2
Real estate	2.1	4.3
Insurance	0.0	0.0
Other	6.3	7.3
Plan Assets with a quoted Market Price	**32.1**	**49.3**

Plan assets still do not include the Group's own financial instruments or real estate used by Group companies.

The plan assets are used exclusively to meet defined pension commitments. Legal requirements exist in some countries for the type and amount of financial resources that can be chosen; in other countries (for example Germany) the financing of pension commitments can be chosen freely. In Great Britain, a board of trustees made up of company representatives and employees is in charge of asset management. Its investment strategy is aimed at long-term profits and tolerable volatility. It was last revised in 2022 to reduce the risk profile.

The following assumptions were used to determine pension obligations and pension expenses:

T.56

	2022	2021
Discount rate	4.35%	1.62%
Future pension increases	2.00%	2.28%
Future salary increases	2.06%	1.66%

The indicated values are weighted average values. A standard interest rate of 4.00% was applied for the eurozone (previous year: 1.10%).

The 2018 G Heubeck guideline tables were used as mortality tables for Germany. For Great Britain, the mortality was assumed based on basic table series S2 taking into account life expectancy projections in accordance with CMI2021 with a long-term trend of 1%.

The following overview shows how the present value of pension obligations from benefit plans would have been affected by changes to significant actuarial assumptions.

T.57 (€ million)

	2022	2021
Effect on present value of pension obligations if		
the discount rate were 50 basis points higher	-3.7	-7.1
the discount rate were 50 basis points lower	4.1	8.1

Salary and pension trends have only a negligible effect on the present value of pension obligations due to the structure of the benefit plans.

The weighted average duration of pension commitments is around 11 years (previous year: around 16 years).

16. OTHER PROVISIONS

T.58 (€ million)

Provisions for:	2021	Currency adjustments, retransfers	Addition	Utilization	Reversal	2022	2022 Of which, non-current	2021 Of which, non-current
Warranties	**1.7**	0.5	1.1	-0.6	0.0	**2.7**	0.0	0.0
Purchasing risks	**6.8**	-0.3	5.8	-5.0	-0.3	**7.1**	0.0	0.0
Litigation risks	**31.0**	-0.9	6.8	-3.2	-7.0	**26.6**	8.4	9.1
Restoration obligations	**13.1**	0.2	4.3	-0.3	-0.3	**17.0**	14.1	9.9
Personnel provisions	**18.7**	-0.1	0.2	-10.9	-1.0	**7.0**	7.0	18.7
Other	**14.5**	0.2	15.6	-6.6	-4.5	**19.3**	0.0	0.2
Total	**85.9**	**-0.3**	**33.7**	**-26.4**	**-13.1**	**79.8**	29.5	37.9

The warranty provision is determined on the basis of the historical value of sales generated during the past six months. It is expected that the majority of these expenses will fall due within the first six months of the next financial year. Purchasing risks relate primarily to materials and molds that are required for the manufacturing of shoes.

Personnel provisions mainly relate to short- and long-term variable compensation components. The risks arising from legal disputes relate to any form of legal dispute, including those relating to trademark and patent rights. The other provisions relate to other risks, in particular those associated with sourcing.

Current provisions are expected to be paid out in the following year, non-current provisions are expected to be paid out in a period of up to ten years. There are no significant compounding effects. The recognition and measurement of provisions is based on past experience of similar transactions. All events until the preparation of the consolidated financial statements are taken into account here.

17. EQUITY

SUBSCRIBED CAPITAL

The subscribed capital corresponds to the subscribed capital of PUMA SE.

As of the balance sheet date, the subscribed capital in accordance with the Articles of Association corresponds to € 150,824,640.00 and is divided into 150,824,640 no-par value voting shares. This corresponds to a proportional amount of € 1.00 per share.

Changes in the outstanding shares:

T.59

	2022	2021
Outstanding shares as of January 1, share	**149,605,600**	**149,583,859**
Issue of Treasury Stock	153,044	21,741
Outstanding shares as of December 31, share	**149,758,644**	**149,605,600**

The issue of treasury stock relates to compensation in connection with promotional and advertising agreements.

CAPITAL RESERVE

The capital reserve includes the premium from issuing shares, as well as amounts from the grant, conversion and expiration of share options.

REVENUE RESERVES INCL. RETAINED EARNINGS

The revenue reserves incl. retained earnings include the net earnings of the financial year as well as the earnings achieved in the past by the companies included in the consolidated financial statements to the extent that it was not distributed. In addition, the valuation effects from the pension provision recognized in other comprehensive income are recognized in retained earnings.

DIFFERENCE FROM CURRENCY CONVERSION

The equity item for currency conversion serves to record the foreign exchange differences from the conversion of the financial statements of subsidiaries with non-euro accounting.

CASH FLOW HEDGES

The "cash flow hedges" item includes the market valuation of derivative financial instruments. The item amounting to € 14.2 million (previous year: € 78.1 million) is offset by deferred taxes of € -4.8 million (previous year: € -4.1 million).

TREASURY STOCK

The resolution adopted by the Annual General Meeting on May 7, 2020 authorized the Company to purchase treasury shares up to a value of 10% of the share capital until May 6, 2025. By resolution of the Annual General Meeting of May 5, 2021 the Supervisory Board was authorized to issue the acquired shares to the members of the Management Board of the Company, excluding the shareholders' subscription rights. By resolution of the Annual General Meeting of May 11, 2022 the Management Board was, moreover, authorized to issue the acquired shares, excluding the shareholders' subscription rights, as part of the Company's or its affiliated companies' share-based payments or employee share programs to individuals currently or formerly in an employment relationship with the Company or one of its affiliated companies or to members of the management of one of the Company's affiliated companies. If purchased through the stock exchange, the purchase price per share may not exceed 10% or fall below 20% of the closing price for the Company's shares with the same attributes in the XETRA trading system (or a comparable successor system) during the last three trading days prior to the date of purchase.

The Company did not make use of the authorization to purchase treasury stock during the reporting period.

As of the balance sheet date, the Company holds a total of 1,065,996 PUMA shares in its own portfolio, which corresponds to 0.71% of the subscribed capital.

AUTHORIZED CAPITAL

As of December 31, 2022, the Company's Articles of Association provide for authorized capital totaling € 30,000,000.00:

Pursuant to Section 4.2. of the Articles of Association, the Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital by May 4, 2026 by up to € 30,000,000.00 (Authorized Capital 2021) by issuing new no-par value bearer shares against cash and/or non-cash contributions on one or more occasions. In the case of capital increases against contributions in cash, the new shares may be acquired by one or several banks, designated by the Management Board, subject to the obligation to offer them to the shareholders for subscription (indirect subscription right). The shareholders shall generally be entitled to subscription rights. However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in whole or in part in the cases specified in Section 4.2. of the Articles of Association.

The Management Board of PUMA SE did not make use of the existing authorized capital in the current reporting period.

CONDITIONAL CAPITAL

By resolution of the Annual General Meeting of May 11, 2022, the Management Board was authorized until May 10, 2027, with the consent of the Supervisory Board, through one or more issues, altogether or in parts and in various tranches at the same time, to issue bearer or registered convertible and/or option bonds, profit-sharing rights or participation bonds or a combination of these instruments with or without a term limitation in a total nominal amount of up to € 1,500,000,000.00.

The share capital was conditionally increased by up to € 15,082,464.00 by issuing up to 15,082,464 new no-par value bearer shares (Conditional Capital 2022). The conditional capital increase shall only be implemented to the extent that conversion/option rights are exercised, or the option/conversion obligations are met or tenders are carried out and to the extent that other forms of performance are not applied.

No use has been made of this authorization to date.

DIVIDENDS

The amounts eligible for distribution relate to the retained earnings of PUMA SE, which is determined in accordance with German Commercial Law.

The Management Board and the Supervisory Board will propose to the Annual General Meeting that a dividend of € 0.82 (previous year: € 0.72) per circulating share, or a total of € 122.8 million (with respect to the circulating shares as of December 31, 2022), be distributed to the shareholders from the retained earnings of PUMA SE for the financial year 2022.

Proposed appropriation of the retained earnings of PUMA SE:

T.60

	2022	2021
Retained earnings of PUMA SE as of December 31, € million	499.4	490.1
Retained earnings available for distribution, € million	499.4	490.1
Dividend per share, €	0.82	0.72
Number of outstanding shares*	149,758,644	149,608,861
Total dividend*, € million	122.8	107.7
Carried forward to the new accounting period*, € million	376.6	382.4

* Previous year's values adjusted to the outcome of the Annual General Meeting

NON-CONTROLLING INTERESTS

This item comprises non-controlling interests. The composition is shown in chapter 28.

CAPITAL MANAGEMENT

The Group's objective is to retain a strong equity base in order to maintain both investor and market confidence, and to strengthen future business performance.

Capital management relates to the consolidated equity of PUMA. This is shown in the consolidated balance sheet as well as the reconciliation statement concerning "Changes in Equity."

18. MANAGEMENT INCENTIVE PROGRAMS

In order to bind the management to the company by a long-term incentive, virtual shares with cash settlement and other long-term incentive programs are used at PUMA.

The current programs are described below.

EXPLANATION OF "VIRTUAL SHARES," TERMED "MONETARY UNITS" (FULL TERM: MONETARY UNITS PLAN – MUP)

Monetary units were granted on an annual basis to members of the Management Board beginning in 2013 as part of a management incentive program. Monetary units are based on the PUMA share performance. Each of these monetary units entitles the holder to a cash payment at the end of the term. The entitled cash payment compares the performance using the average virtual appreciation rights of the last thirty trading days before the start of the year of issue with the virtual appreciation rights of the last thirty trading days before the exercise date. The maximum increase in value (cap) is limited to 300% of the amount allocated. Monetary units are subject to a vesting period of three years. After that, there is an exercise period beginning 30 days after each quarterly publication date for a period of two years which can be freely used by participants for the purposes of execution. Virtual shares are reduced on a "pro rata" basis in the event of withdrawal during the vesting period. This program will expire and be replaced by the Performance Share Plan. In the financial year 2022, only one member of the Management Board received shares from this program, doing so for the last time.

EXPLANATION OF "VIRTUAL SHARES" (FULL TERM: PERFORMANCE SHARE PLAN – PSP)

Virtual shares were granted on an annual basis to members of the Management Board beginning in 2021 as part of a management incentive program. The virtual shares are based on the PUMA share performance. Each of these virtual shares entitles the holder to a cash payment at the end of the term. However, the Supervisory Board reserves the right to make the payment in PUMA shares instead of cash. This cash payout is based on the PUMA closing prices for the last thirty trading days before the exercise date. The final number of virtual shares is between 50% and 150%, depending on the relative "Total Shareholder Returns" (TSR) compared to the MDAX index. The PUMA and MDAX index TSRs are calculated using the arithmetic means of each of the TSR values on the 30 trading days before the start and end of the performance period. The averages calculated in this way for PUMA and the MDAX index are then compared with each other. The difference in percentage points between the PUMA TSR and the MDAX index TSR is then calculated (= TSR outperformance in percentage points). The maximum increase in value (cap) is limited to 300% of the amount allocated. Virtual shares are subject to a vesting period of four years. They are generally paid out within the first quarter of the fifth year after their issue. Virtual shares are reduced on a "pro rata" basis in the event of withdrawal during the vesting period. For the financial year 2022, the DAX index acts as the basis for calculating virtual shares.

In the financial year 2022, income of € 0.9 million was recorded for this purpose on the basis of the employment contract commitments to the Management Board members (previous year: expense of € 8.7 million).

T.61 VIRTUAL SHARES, MEMBERS OF THE MANAGEMENT BOARD

Plan	MUP	MUP	MUP	MUP	PSP	MUP	PSP	
Issue date	**01/01/2018**	**01/01/2019**	**01/01/2020**	**01/01/2021**	**01/01/2021**	**01/01/2022**	**01/01/2022**	
Term	5	5	5	5	4.25	5	4.25	Years
Vesting period	3	3	3	3	4	3	4	Years
Base price PUMA share at issue	37.10	44.40	67.69	86.23	86.23	106.95	106.95	EUR/share
Reference value PUMA share at the end of the financial year	0	0	51.86	51.86	56.34	51.86	53.61	EUR/share
Weighted share price at the time of exercise	102.88	102.88	0	0	0	0	0	EUR/share
Participants in year of issue	3	3	3	3	2	1	3	Persons
Participants at the end of the financial year	0	0	3	3	2	1	3	Persons
Number of monetary units/virtual shares as of 1/1/2022	2,000	97,320	62,743	47,351	7,070	30,968	16,458	Shares
Number of monetary units/virtual shares exercised in the FY	-2,000	-97,320	0	0	0	0	0	Shares
Number of monetary units/virtual shares expired in the FY	0	0	0	-12,803	0	-20,645	0	Shares
Final number of monetary units as of 12/31/2022	**0**	**0**	**62,743**	**34,548**	**7,070**	**10,323**	**16,458**	**Shares**

In the financial year 2019, a stock split was performed with a ratio of 1:10. As a result of this, all past share values were divided by a factor of 10 and all monetary units were multiplied by a factor of 10.

This commitment consisting of share-based remuneration transactions with cash compensation is recorded as personnel provisions and remeasured at fair value on every balance sheet date, provided it has not been exercised yet. The expenses are recorded pro rata over the vesting period. Based on the prorated average share price of the last thirty trading days in 2022 and taking into account the intra-year exercises in 2022, the provisions for these programs amounted to € 5.8 million at the end of the financial year (previous year: € 17.0 million).

EXPLANATION OF THE "GAME CHANGER 2.0" PROGRAM

In 2018, the Long-Term Incentive Program (LTIP) "Game Changer 2.0" was launched. Participants in this program consist mainly of top executives reporting to the Management Board and individual key positions in the PUMA Group. The objective of this program is to retain these employees in the Company on a long-term basis and to allow them to share in the medium-term success of the Company.

The LTIP "Game Changer 2.0" consists of two plan parts, a Performance Cash Plan and a Performance Share Plan, each with a 50% share. The Performance Cash Plan gives a reward for the PUMA Group's financial performance, while the Performance Share Plan gives a reward for the performance of the PUMA SE share in the capital market.

The performance period of the Performance Cash Plan is three years and is based on the average medium-term targets of the PUMA Group for EBIT, cash flow or working capital as a percentage of sales, and sales. Payment is made in cash and is limited to a maximum of 200% of the granted proportionate target amount (cap).

The Performance Share Plan uses virtual shares to manage the incentive. The term is up to five years, divided into a three-year performance period and a two-year exercise period, in which the virtual shares are paid out in cash. A payout is only possible at the four exercise times (6, 12, 18 or 24 months after the end of the performance period). The average share price of the last 30 trading days before the exercise date determines the value of a virtual share. The payout is limited to a maximum of 200% or 300% of the granted prorated target amount (cap) and is only made if an exercise hurdle of +10% share-price appreciation is exceeded once during the performance period.

EXPLANATION OF THE "GAME CHANGER 2.0 – 2022" PROGRAM

In 2019, the global "Game Changer 2.0 – 2022" program, as outlined above, was launched. The Performance Cash Plan is based on the following targets: EBIT (70%), cash flow (15%) and sales (15%). As part of the Performance Share component, payment is limited to a maximum of 200% of the granted proportionate target amount (cap).

In the reporting year, an amount of € 5.1 million (of which, € 3.3 million from the Performance Share Plan) was paid out to the participants. The payment was subject to the condition that the individual participant was in an unterminated employment relationship with a company in the PUMA Group as of December 31, 2021. No further expenses were incurred and no amounts released for this program in the reporting year. No further provision exists for this program.

EXPLANATION OF THE "GAME CHANGER 2.0 – 2023" PROGRAM

In 2020, the global "Game Changer 2.0 – 2023" program, as outlined above, was launched. The Performance Cash Plan is based on the following targets: EBIT (70%), cash flow (15%) and sales (15%). As part of the Performance Share component, payment is limited to a maximum of 300% of the granted proportionate target amount (cap). It requires employment up to December 31, 2022. In the reporting year, a prorated amount of € 0.2 million was released as a provision for this program (previous year: € 2.1 million addition). This resulted in a provision for this program at the end of the financial year of € 2.8 million (previous year: € 3.0 million). The Performance Share Plan portion accounted for € 1.3 million (previous year: € 1.9 million).

EXPLANATION OF THE “GAME CHANGER 2.0 – 2024” PROGRAM

In 2021, the global “Game Changer 2.0 – 2024” program, as outlined above, was launched. The Performance Cash Plan is based on the following targets: EBIT (45%), working capital as a percentage of sales (15%), and sales (40%). As part of the Performance Share component, payment is limited to a maximum of 300% of the granted proportionate target amount (cap). It requires employment up to December 31, 2023. In the reporting year, a prorated amount of € 0.5 million (previous year: € 2.0 million) was set aside for this program. This resulted in a provision for this program at the end of the financial year of € 2.5 million (previous year: € 2.0 million). The Performance Share Plan portion accounted for € 0.8 million (previous year: € 0.9 million).

EXPLANATION OF THE "ROAD 2 10B" PROGRAM

In 2022, the "Game Changer 2.0" program was replaced by the long-term incentive program (LTIP) "Road 2 10B". Participants in this program consist of important professionals and managers within the PUMA Group. The objective of this program is to retain these employees in the Company on a long-term basis and to allow them to share in the medium-term success of the Company.

The LTIP "Road 2 10B" consists of two plan parts, a Performance Cash Plan and a Performance Share Plan, each with a 50% share. The Performance Cash Plan gives a reward for the PUMA Group's financial performance, while the Performance Share Plan gives a reward for the performance of the PUMA SE share in the capital market.

The Performance Cash Plan is focused on the following targets: EBIT, sales and working capital as a percentage of sales based on the three-year plan set by the Management Board of PUMA SE. For participants in the program with an employment relationship at Group level, the target achievement is based on the following Group targets: EBIT (45%), sales (40%), and working capital as a percentage of sales (15%). For participants in the program with an employment relationship at the national or regional level, 50% of the target achievement is based on achieving the Group targets. The remaining 50% is based on achieving the following targets at the national or regional level: EBIT (22.5%), sales (20%) and working capital as a percentage of sales (7.5%). Payment is limited to a maximum of 200% of the granted proportionate target amount (cap).

The performance share plan is based on the performance of the PUMA share price. The term is up to five years, divided into a three-year performance period and a subsequent two-year exercise period, in which the virtual shares are paid out in cash. A payout is only possible at the four exercise times (6, 12, 18 or 24 months after the end of the performance period). The average share price of the last 30 trading days before the exercise date determines the payout value of a virtual share. The payout is limited to a maximum of 300% of the granted prorated target amount (cap) and is only made if an exercise hurdle of +10% share-price appreciation is exceeded once during the performance period.

In the reporting year, € 4.7 million (of which, € 0.6 million for the Performance Share Plan) was set aside for this program on a pro rata basis.

T.62 VIRTUAL SHARES, NON-MANAGEMENT BOARD MEMBERS

Program addendum	Game Changer 2022	Game Changer 2023	Game Changer 2024	Road 2 10b	
Issue date	01/01/2019	01/01/2020	01/01/2021	01/01/2022	
Term	5	5	5	5	Years
Vesting period	3	3	3	3	Years
Base price at program start	44.40	67.69	86.23	106.95	EUR/share
Reference value at the end of the financial year	0	51.86	51.86	18.56	EUR/share
Weighted share price at the time of exercise	88.80	0	0	0	EUR/share
Participants in year of issue	64	60	76	486	Persons
Participants at the end of the financial year	0	55	70	486	Persons
Number of “virtual shares” as of 1/1/2022	37,525	26,952	24,809	103,352	Shares
Number of “virtual shares” expired in the FY	0	-2,405	-1,469	0	Shares
Number of “virtual shares” exercised in the FY	-37,525	0	0	0	Shares
Final number of “virtual shares” as of 12/31/2022	0	24,547	23,340	103,352	Shares

In the financial year 2019, a stock split was performed with a ratio of 1:10. As a result of this, all past share values were divided by a factor of 10 and all virtual shares were multiplied by a factor of 10.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

19. SALES

The following table shows the Group's sales broken down by distribution channel:

T.63 BREAKDOWN BY DISTRIBUTION CHANNEL (€ million)

	2022	2021
Wholesale	6,513.7	5,080.6
Direct-to-consumer (DTC)	1,951.4	1,724.8
Total	**8,465.1**	**6,805.4**

Sales are also broken down by product division as follows:

T.64 BREAKDOWN BY PRODUCT DIVISION (€ million)

	2022	2021
Footwear	4,317.9	3,163.6
Apparel	2,896.3	2,517.3
Accessories	1,251.0	1,124.5
Total	**8,465.1**	**6,805.4**

20. OTHER OPERATING INCOME AND EXPENSES

According to the respective functions, other operating income and expenses include personnel, advertising, sales and distribution expenses as well as rental and leasing expenditure, travel costs, legal and consulting expenses and other general expenses. Rental and lease expenses associated with the Group's own retail stores include revenue-based rental components.

Other operating income and expenses are allocated based on functional areas as follows:

T.65 (€ million)

	2022	2021
Sales and distribution expenses	2,677.2	2,207.4
Product management / merchandising	70.9	52.8
Research and development	82.2	61.7
Administrative and general expenses	465.8	405.2
Other operating expenses	**3,296.0**	**2,727.2**
Other operating income	**0.1**	**2.6**
Total	**3,295.9**	**2,724.6**
Of which, personnel expenses	836.3	704.3
Of which, scheduled depreciation	332.8	287.3
Of which, impairment expenses	26.0	18.5

Within the sales and distribution expenses, marketing/retail expenses account for a large proportion of the operating expenses. In addition to advertising and promotional expenses, they also include expenses associated with the Group's own retail activities. Other sales and distribution expenses include logistics expenses and other variable sales and distribution expenses. Impairment losses in the reporting year were attributable to right-of-use assets in the amount of € 25.4 million and to property, plant and equipment in the amount of € 0.6 million. In the previous year, impairment losses amounted to € 18.5 million and were attributable exclusively to right-of-use assets.

In the consolidated financial statements of PUMA SE, fees of € 1.9 million are recorded as operating expenses for the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, Nuremberg, Germany. The audit fee is divided into fees for auditing services for the annual and consolidated financial statements and for the review of the half-year financial report in the amount of € 1.8 million and other audit opinion services in the amount of € 0.1 million. In addition to the expenses for PUMA SE, the fees also include the fees for the domestic and foreign subsidiaries audited directly by the auditor of the consolidated financial statements.

In the financial year 2022, government grants amounted to a sum in the low double-digit (previous year: mid-single-digit) millions, of which, a small proportion relates to grants associated with the global COVID-19 pandemic. Government grants are deducted from the corresponding expenses.

Other operating income comprises income from the sale of fixed assets in the amount of € 0.1 million (previous year: € 2.6 million).

Overall, other operating expenses include personnel costs, which consist of:

T.66 (€ million)

	2022	2021
Wages and salaries	649.8	542.0
Social security contributions	91.9	78.6
Expenses from share-based payments with cash compensation	5.1	15.1
Expenses for retirement pension and other personnel expenses	89.5	68.6
Total	**836.3**	**704.3**

In addition, cost of sales includes personnel costs in the amount of € 10.2 million (previous year: € 8.1 million).

The average number of employees for the year was as follows:

T.67 EMPLOYEES

	2022	2021
Marketing / retail / sales	12,229	10,945
Research & development / product management	1,228	1,097
Administrative and general units	3,213	2,804
Total annual average	**16,669**	**14,846**

As of the end of the year, a total of 18,071 individuals were employed (previous year: 16,125).

21. FINANCIAL RESULT

The financial result consists of:

T.68 (€ million)

	2022	2021
Interest income	32.3	11.9
Other	47.1	18.0
Financial income	**79.4**	**29.9**
Interest expense	-15.2	-12.9
Interest expense – Leasing liability	-38.6	-31.5
Valuation of pension plans	-0.6	-0.5
Expenses from currency-conversion differences, net	-2.2	-9.0
Other	-111.7	-27.7
Financial expenses	**-168.3**	**-81.7**
Financial result	**-88.9**	**-51.8**

The item "Other" in financial income exclusively comprises interest components relating to currency derivatives of € 47.1 million (previous year: € 18.0 million).

The item "Expenses from currency-conversion differences" includes expenses from currency-conversion differences in the amount of € 2.2 million (previous year: € 9.0 million), which are to be allocated to the financing area.

The item "Other" in financial expenses includes, among other things, interest components in connection with currency derivatives in the amount of € 69.9 million (previous year: € 27.7 million) and the loss on the net monetary position associated with hyperinflation in the amount of € 27.8 million.

22. INCOME TAXES

T.69 (€ million)

	2022	2021
Current income taxes		
Germany	19.4	13.6
Other countries	133.2	112.3
Total current income taxes	**152.5**	**125.9**
Deferred taxes	**-25.1**	**2.7**
Total	**127.4**	**128.5**

In general, PUMA SE and its German subsidiaries are subject to corporate income tax, plus a solidarity surcharge and trade tax. Thus, a weighted mixed tax rate of 27.22% continued to apply for the financial year.

Reconciliation of the theoretical tax expense with the effective tax expense:

T.70 (€ million)

	2022	2021
Earnings before income tax	**551.7**	**505.3**
Theoretical tax expense		
Tax rate of the SE = 27.22% (previous year: 27.22%)	150.2	137.5
Tax rate difference with respect to other countries	-6.9	-15.8
Other tax effects:		
Income tax for previous years	-9.7	0.5
Losses and temporary differences for which no tax claims were recognized	4.8	2.2
Changes in tax rates	-0.6	-2.4
Non-deductible expenses for tax purposes and non-taxable income and other effects	-10.4	6.5
Effective tax expense	**127.4**	**128.5**
Effective tax rate	23.1%	25.4%

For the financial year 2022, the total tax advantage from previously uncapitalized tax losses, tax credits or temporary differences from previous years which led to a reduction in deferred tax expenses, amounted to € 7.0 million (previous year: € 0.0 million). Deferred tax expenses due to an impairment of deferred tax assets amounted to € 5.0 million in the financial year (previous year: € 2.5 million).

The tax effect resulting from items that were directly included in other comprehensive income can be found in chapter 8.

Various agreements have been reached at the global level to address concerns about the unequal distribution of profits and the unequal tax levies on large multinational companies, including an agreement reached by over 135 countries on the introduction of a global minimum tax rate of 15%. In December 2021, the OECD published a draft legal framework, followed by detailed guidelines in March 2022. These are to be used by the individual countries that have signed the agreement to amend their local tax laws. As soon as the changes to the tax laws in the countries in which the Group operates start to apply, or is scheduled to apply shortly, the Group may be subject to the minimum tax. At the time of the approval of the consolidated financial statements for publication, the tax legislation relating to the minimum tax either does not apply in one of the countries in which the Group operates, nor is it scheduled to apply there shortly. The Management Board is closely following the progress of the legislative process in each country in which the Group operates. As of December 31, 2022, the Group did not have sufficient information to determine the potential quantitative impact.

23. EARNINGS PER SHARE

The earnings per share are determined in accordance with IAS 33 by dividing the consolidated annual surplus (consolidated net earnings) attributable to the shareholders of the parent company by the weighted average number of outstanding shares.

The calculation is shown in the table below:

T.71

	2022	2021
Net earnings € million	353.5	309.6
Weighted average number of outstanding shares, shares	149,649,158	149,598,722
Earnings per share (€)	**2.36**	**2.07**
Consolidated net earnings for calculating the diluted earnings per share (€ million)	353.5	309.6
Weighted average number of outstanding shares, shares	149,649,158	149,598,722
Dilutive effect of conditionally issuable shares in connection with service agreements	12,107	2,841
Dilutive effect from share-based payments	2,573	809
Weighted average number of outstanding shares, diluted	149,663,837	149,602,372
Earnings per share, diluted (€)	**2.36**	**2.07**

ADDITIONAL INFORMATION

24. SEGMENT REPORTING

Segment reporting is based on geographical areas of responsibility in accordance with the PUMA internal reporting structure, with the exception of stichd. The geographical area of responsibility corresponds to the business segment. Sales, the operating result (EBIT) and other segment information are allocated to the corresponding geographical areas of responsibility according to the registered office of the respective Group company.

The internal management reporting includes the following reporting segments: Europe, EEMEA (Eastern Europe, Middle East, Africa, India and Southeast Asia), North America, Latin America, Greater China, Rest of Asia/Pacific (excluding Greater China and Southeast Asia) and stichd. These are reported as reportable business segments in accordance with the criteria of IFRS 8.

The reconciliation includes information on assets, liabilities, expenses and income in connection with centralized functions that do not meet the definition of business segments in IFRS 8. Central expenses and income include in particular central sourcing, central treasury, central marketing, impairment losses on non-current assets and other global functions of the Company headquarters.

The Company's main decision-maker is defined as the entire Management Board of PUMA SE.

The external sales presented in the segment reporting includes sales from both the wholesale business and own retail activities (direct-to-consumer business). The percentage breakdown of sales by wholesale business and direct-to-consumer business at the segment level mainly aligns with the breakdown at the Group level (see chapter 19). Exceptions to this are the Greater China segment, where wholesale sales represent approximately 50%, and the stichd segment, which almost exclusively generates wholesale sales.

The business relationships between the companies in the segments are essentially based on prices that are also agreed with third parties. With the exception of sales of goods by stichd amounting to € 38.3 million (previous year: € 39.2 million), there are no significant internal sales, which is why they are not included in the presentation.

The operating result (EBIT) of the business segments is defined as gross profit less the attributable other operating expenses plus royalty and commission income and other operating income, but not considering the costs of the central departments and the central marketing expenses.

The external sales, operating result (EBIT), inventories and trade receivables of the business segments are regularly reported to the main decision-maker. Amounts recognized by the Group from the intra-group profit elimination on inventories in connection with intra-group sales are not allocated to the business segments in the way that they are reported to the main decision-maker. Investments, depreciation and non-current assets at the level of the business segments are not reported to the main decision-maker. Intangible assets are allocated to the business segments in the manner described in chapter 11. Liabilities, the financial result and income taxes are not allocated to the business segments and are therefore not reported to the main decision-maker at the business segment level.

Non-current assets and depreciation comprise the carrying amounts and depreciation of property, plant and equipment, right-of-use assets and intangible assets during the past financial year. The investments comprise additions to property, plant and equipment and intangible assets.

Since PUMA is active in only one business area, the sporting goods industry, products are additionally allocated according to the Footwear, Apparel and Accessories product segments in accordance with the internal reporting structure.

T.72 BUSINESS SEGMENTS (€ million)

	External Sales		EBIT		Investments	
	1-12/2022	1-12/2021	**1-12/2022**	1-12/2021	**1-12/2022**	1-12/2021
Europe	1,922.5	1,523.6	242.0	146.1	33.6	58.5
EEMEA	1,333.3	975.1	308.5	214.6	30.2	34.8
North America	2,531.4	1,969.2	398.9	394.8	67.6	20.1
Latin America	1,098.3	630.9	285.2	151.6	34.6	14.1
Greater China	521.3	766.9	20.2	137.8	20.3	15.9
Asia/Pacific (excluding Greater China)	588.5	533.4	73.4	61.2	7.2	7.3
stichd	469.8	406.2	113.2	101.7	21.2	20.9
Total business segments	**8,465.1**	**6,805.4**	**1,441.2**	**1,207.7**	**214.7**	**171.6**

	Depreciation and amortization		Inventories		Trade Receivables (third parties)	
	1-12/2022	1-12/2021	**1-12/2022**	1-12/2021	**1-12/2022**	1-12/2021
Europe	58.5	54.4	602.5	364.6	190.3	164.3
EEMEA	55.8	43.7	378.5	221.0	189.4	126.2
North America	71.2	56.0	739.3	469.9	259.2	187.1
Latin America	23.1	14.8	253.1	140.3	200.7	120.4
Greater China	39.7	39.4	179.1	200.5	44.5	65.9
Asia/Pacific (excluding Greater China)	31.6	32.2	114.7	84.5	111.4	119.5
stichd	8.3	7.8	93.9	79.1	66.1	61.7
Total business segments	**288.2**	**248.4**	**2,361.1**	**1,559.8**	**1,061.6**	**845.1**

T.73 **CONTINUATION BUSINESS SEGMENTS** (€ million)

	Non-current assets	
	1-12/2022	1-12/2021
Europe	477.1	474.6
EEMEA	198.1	164.8
North America	750.4	534.4
Latin America	128.2	75.0
Greater China	86.2	79.1
Asia/Pacific (excluding Greater China)	149.4	158.3
stichd	209.6	194.1
Total business segments	**1,999.1**	**1,680.4**

T.74 **PRODUCT** External Sales (€ million) Gross Profit Margin (in %)

	External Sales		Gross Profit Margin	
	1-12/2022	1-12/2021	**1-12/2022**	1-12/2021
Footwear	4,317.9	3,163.6	44.9%	47.3%
Apparel	2,896.3	2,517.3	47.3%	48.9%
Accessories	1,251.0	1,124.5	47.4%	47.1%
Total	**8,465.1**	**6,805.4**	**46.1%**	**47.9%**

RECONCILIATIONS

T.75 RECONCILIATIONS (€ million)

	EBIT	
	1-12/2022	1-12/2021
Total business segments	**1,441.2**	**1,207.7**
Central areas	-364.4	-280.4
Central expenses Marketing	-436.2	-370.2
Consolidation	0.0	0.0
EBIT	**640.6**	**557.1**
Financial result	**-88.9**	**-51.8**
EBT	**551.7**	**505.3**

	Investments		Depreciation and amortization	
	1-12/2022	1-12/2021	**1-12/2022**	1-12/2021
Total business segments	**214.7**	**171.6**	**288.2**	**248.4**
Central areas	49.3	35.9	44.6	39.0
Consolidation	0.0	0.0	0.0	0.0
Total	**263.9**	**207.5**	**332.8**	**287.3**

	Inventories		Trade Receivables (third parties)		Non-current assets	
	1-12/2022	1-12/2021	**1-12/2022**	1-12/2021	**1-12/2022**	1-12/2021
Total business segments	**2,361.1**	**1,559.8**	**1,061.6**	**845.1**	**1,999.1**	**1,680.4**
Not allocated to the business segments	-116.0	-67.6	3.3	2.9	211.0	204.4
Total	**2,245.1**	**1,492.2**	**1,064.9**	**848.0**	**2,210.1**	**1,884.8**

GEOGRAPHICAL INFORMATION

Sales revenue (with third parties) is reported in the geographical market in which it is arises. Non-current assets are allocated to the geographical market based on the registered office of the relevant subsidiary, regardless of the segment structure.

T.76 GEOGRAPHICAL INFORMATION BY COUNTRY (€ million) *

	External Sales		Non-current assets	
	1-12/2022	1-12/2021	**1-12/2022**	1-12/2021
Germany, Europe	**586.3**	475.6	**488.3**	482.7
USA, North America	**2,334.2**	1,785.1	**604.7**	424.4

25. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement was prepared in accordance with IAS 7 and is structured based on cash flows from operating, investing and financing activities. The indirect method is used to determine the cash outflow/inflow from operating activities. The gross cash flow, derived from earnings before income tax and adjusted for non-cash income and expense items, is determined within the cash flow from operating activities. Cash outflow/inflow from operating activities less investments in property, plant and equipment as well as intangible assets is referred to as free cash flow.

The cash and cash equivalents reported in the cash flow statement include all cash and cash equivalents shown in the balance sheet under the item "Cash and cash equivalents," i.e. cash on hand, checks and current bank balances including short-term financial investments.

The following table shows the cash and non-cash changes in financial liabilities in accordance with IAS 7.44A:

T.77 RECONCILIATION OF FINANCIAL LIABILITIES TO THE CASH INFLOW/ OUTFLOW FROM FINANCING ACTIVITIES 2022 (€ million)

			Non-cash changes			
	Notes	**Balance 01/01/2022**	Currency changes	Other	**Cash changes**	**Balance 12/31/2022**
Financial liabilities						
Lease liabilities	10	1,023.4	12.1	385.0	-190.0	1,230.4
Current financial liabilities	13	68.5	-1.1	0.0	8.4	75.9
Non-current financial liabilities	13	311.5	0.0	0.0	-60.0	251.5
Total		**1,403.4**	**11.1**	**385.0**	**-241.6**	**1,557.8**

* Error correction, as no information was given in the previous year.

T.78 RECONCILIATION OF FINANCIAL LIABILITIES TO THE CASH INFLOW/ OUTFLOW FROM FINANCING ACTIVITIES 2021 (€ million)

			Non-cash changes			
	Notes	**Balance 01/01/2021**	Currency changes	Other	**Cash changes**	**Balance 12/31/2021**
Financial liabilities						
Lease liabilities	10	931.7	38.9	213.7	-160.9	1,023.4
Current financial liabilities	13	121.4	0.5	0.0	-53.4	68.5
Non-current financial liabilities	13	145.0	0.0	0.0	166.5	311.5
Total		**1,198.1**	**39.4**	**213.7**	**-47.8**	**1,403.4**

The lease liabilities of € 1,230.4 million (previous year: € 1,023.4 million) are broken down into current lease liabilities of € 200.2 million (previous year: € 172.3 million) and non-current lease liabilities of € 1,030.3 million (previous year: € 851.0 million).

The non-current financial liabilities of € 251.5 million (previous year: € 311.5 million) are part of the other non-current financial liabilities.

26. OTHER FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company has other financial obligations associated with license, promotional and advertising agreements, which give rise to the following financial obligations as of the balance sheet date:

T.79 (€ million)

	2022	**2021**
From license, promotional and advertising agreements:		
2023 (2022)	348.6	301.3
2024-2027 (2023-2026)	781.1	650.4
from 2028 (from 2027)	130.8	205.4
Total	**1,260.5**	**1,157.1**

As is customary in the industry, the promotional and advertising agreements provide for additional payments on reaching pre-defined goals (e.g., medals, championships). These are contractually agreed, but by their nature cannot be predicted exactly in terms of their timing and amount.

In addition, there are other financial obligations totaling € 186.8 million, of which, € 128.7 million relate to the years from 2024. These include service agreements of € 180.6 million as well as other obligations of € 6.2 million.

Individual PUMA companies are involved in legal disputes arising from normal business activities, e.g. relating to intellectual property rights and copyrights. If an outflow of resources from these legal disputes is classified as probable and the amount of the obligation can be reliably estimated, the risks arising from these legal disputes are included in the other provisions. However, if the probability of occurrence is classified as low, these legal disputes are recognized as contingent liabilities. As of December 31, 2022, there were contingent liabilities of € 3.1 million. PUMA management believes the impact of this on the net assets, financial position and results of operations of the Company is immaterial.

27 COMPENSATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Disclosures pursuant to Section 314(1) 6 HGB (German Commercial Code [Handelsgesetzbuch]) in conjunction with Section 315e HGB.

COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD

The total compensation of the members of the Management Board in the financial year 2022 was € 11.9 million (previous year: € 11.2 million).*

The total remuneration of the Management Board includes the share-based remuneration granted for the financial year with a fair value of € 3.0 million (previous year: € 3.8 million) and 30,968 (previous year: 47,339) virtual shares issued under the PUMA Monetary Unit Plan as well as a fair value of € 1.7 million (previous year: € 0.6 million) and 16,457 (previous year: 7,070) performance shares issued.

TOTAL COMPENSATION OF FORMER MEMBERS OF THE MANAGEMENT BOARD

The total remuneration of former members of the Management Board and their surviving dependents amounted to € 0.7 million in the financial year 2022 (previous year: € 1.2 million).

In addition, there were defined benefit pension obligations to former members of the Management Board and their widows/widowers amounting to € 2.5 million (previous year: € 3.1 million) as well as defined contribution plans from deferred compensation of former members of the Management Board and Managing Directors amounting to € 17.3 million (previous year: € 17.2 million). Both items were recognized as pension obligation within pension provisions to the extent they were not offset against plan assets of an equal amount.

SUPERVISORY BOARD COMPENSATION

The compensation paid to the Supervisory Board comprised fixed compensation and additional compensation for committee activities, and amounted to a total of € 0.2 million (previous year: € 0.2 million).

28. DISCLOSURES RELATED TO NON-CONTROLLING INTERESTS

The summarized financial information about subsidiaries of the Group in which non-controlling interests exist is presented below. This financial information relates to all companies with non-controlling interests in which the identical non-controlling shareholder holds an interest. The figures represent the amounts before intercompany eliminations.

Evaluation of the control of companies with non-controlling interests:

The Group holds a 51% capital share in PUMA United North America LLC, PUMA United Canada ULC and Janed Canada LLC (inactive company). With these companies, there are profit-sharing arrangements in place which differ from the capital share for the benefit of the respective identical non-controlling shareholder. PUMA receives higher license fees in exchange.

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* The comparative information has been adjusted in order to correct an error. The incorrect previous year's figure of € 10.5 million has been adjusted to € 11.2 million.

In the financial year 2022, the company PUMA United Aviation North America LLC was founded and assets were transferred to it. 30% of the shares were later sold. Accordingly, PUMA has a 70% share in the company's capital and its earnings.

The contractual agreements with these companies respectively provide PUMA with a majority of the voting rights at the shareholder meetings, and thus the right of disposal regarding these companies. PUMA is exposed to fluctuating returns from the sales-based license fees and from variable earnings. The Group also controls the key activities of these companies. The companies are accordingly included in the consolidated financial statements as subsidiaries with full consolidation with recognition of non-controlling interests.

The non-controlling interests existing on the balance sheet date relate to PUMA United North America LLC, PUMA United Canada ULC and Janed Canada, LLC (inactive) and PUMA United Aviation North America LLC at € 67.1 million (previous year: € 65.2 million).

The following tables show a summary of the financial information for subsidiaries with non-controlling interests:

T.80 ASSETS AND LIABILITIES (€ million)

	2022	2021
Current assets	105.8	105.1
Non-current assets	10.3	3.8
Current liabilities	40.4	39.5
Non-current liabilities	0.0	0.0
Net assets	75.7	69.5
Net assets attributable to non-controlling interests	67.1	65.2

T.81 INCOME STATEMENT (€ million)

	2022	2021
Sales	452.2	422.9
Net income	72.0	67.9
Profit attributable to non-controlling interests	70.9	67.2
Other comprehensive income of non-controlling interests	4.1	4.3
Total comprehensive income of non-controlling interests	75.0	71.5
Dividends paid to non-controlling interests	73.3	47.8

↗ T.82 **CASH** (€ million)

	2022	**2021**
Net cash from operating activities	79.4	52.8
Net cash used in investing activities	0.0	0.0
Net cash used in financing activities	-80.1	-52.4
Changes in cash and cash equivalents	-0.4	0.4

29. RELATED PARTY RELATIONSHIPS

In accordance with IAS 24, relationships to related companies and persons that control or are controlled by the PUMA Group must be reported. All natural persons and companies that can be controlled by PUMA, that can exercise relevant control over the PUMA Group or that are under the relevant control of another related party of the PUMA Group are considered to be related companies or persons within the meaning of IAS 24.

As of December 31, 2022, there was one shareholding in PUMA SE that exceeded 20% of the voting rights. This is held by the Pinault family via several companies that the family controls (in order of proximity to the Pinault family: Financière Pinault S.C.A., Artémis S.A.S. and Kering S.A.). The shareholding of Kering S.A. in PUMA SE amounts to 3.96% of share capital according to Kering's 2022 half-year financial report of July 27, 2022. The shareholding of Artémis S.A.S. and Kering S.A. together amounts to 32.48% of the share capital of PUMA SE. Since Artémis S.A.S. and Kering S.A. hold more than 20% of the voting rights in PUMA SE, they are presumed to have significant influence according to IAS 28.5 and IAS 28.6. They and all other companies directly or indirectly controlled by Financière Pinault S.C.A. that are not included in the consolidated financial statements of PUMA SE are considered as related parties in the following.

In addition, the disclosure obligation pursuant to IAS 24 extends to transactions with associated companies as well as transactions with other related companies and persons.

Transactions with related companies and persons largely concern the sale of goods and services.

The following overview illustrates the scope of the business relationships:

↗ T.83 (€ million)

	Deliveries and services rendered		Deliveries and services received	
	2022	2021	**2022**	2021
Companies included in the Artémis Group	1.7	1.8	0.1	0.1
Other related companies and persons	0.0	0.0	0.0	0.0
Total	**1.7**	**1.8**	**0.1**	**0.1**

↗ **T.84** (€ million)

	Net receivables from		Liabilities to	
	2022	2021	**2022**	2021
Companies included in the Artémis Group	0.3	0.4	0.0	0.0
Other related companies and persons	0.0	0.0	0.0	0.0
Total	**0.3**	**0.4**	**0.0**	**0.0**

Receivables from related companies and persons are, with one exception, not subject to value adjustments.

Classification of the remuneration of key management personnel in accordance with IAS 24.17:

The members of key management personnel in accordance with IAS 24 are the Management Board and the Supervisory Board. These are counted as related parties.

In the financial year 2022, the remuneration of the members of the Management Board of PUMA SE for short-term benefits amounted to € 7.2 million (previous year: € 6.8 million), for termination benefits to € 0.0 million (previous year: € 0.9 million) and the share-based payment € -0.5 million (previous year: € 9.3 million). Furthermore, no remuneration was granted in the form of other long-term benefits or in the form of post-employment benefits in the reporting year (previous year: € 0.0 million). Accordingly, the total expense for the reporting year amounted to € 6.7 million (previous year: € 17.0 million).

In the financial year 2022, the remuneration of the members of the Supervisory Board of PUMA SE for short-term benefits amounted to € 0.2 million (previous year: € 0.2 million).

30. CORPORATE GOVERNANCE

In November 2022, the Management Board and the Supervisory Board submitted the required compliance declaration with respect to the recommendations issued by the Government Commission German Corporate Governance Code pursuant to Section 161 of the AktG (Aktiengesetz, German Stock Corporation Act) and published it on the Company's website (www.PUMA.com). Please also refer to the corporate governance statement in accordance with section 289f and section 315d HGB (Handelsgesetzbuch, German Commercial Code) in the Combined Management Report.

31. EVENTS AFTER THE BALANCE SHEET DATE

No events with any significant effect on the net assets, financial position and results of operations of the PUMA Group occurred after the balance sheet date.

32. DATE OF RELEASE

The Management Board of PUMA SE released the consolidated financial statements on February 2, 2023 for distribution to the Supervisory Board. The task of the Supervisory Board is to review the consolidated financial statements and state whether it approves them.

Herzogenaurach, February 2, 2023

The Management Board

Freundt	Hinterseher	Descours	Valdes

This is a translation of the German version. In case of doubt, the German version shall apply.

APPENDIX 1 OF THE CONSOLIDATED FINANCIAL STATEMENTS

T.85 **CHANGES IN FIXED ASSETS 2021** (€ million)

	Purchase costs						Accumulated depreciation						Carrying amounts	
	Balance 1/1/2021	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2021	Balance 1/1/2021	Currency changes and other changes	Additions/ retransfers[1)]	Changes in group of consolidated companies	Disposals	Balance 12/31/2021	Balance 12/31/2021	Balance 12/31/2020
PROPERTY, PLANT AND EQUIPMENT														
Land, land rights and buildings including buildings on third party land	190.3	5.8	6.3		-33.8	168.6	-58.3	-0.3	-6.4		18.0	-47.0	121.6	131.9
Technical equipment and machines	21.1	89.5	35.3		-0.8	145.2	-12.8	-1.2	-6.1		0.6	-19.5	125.7	8.4
Other equipment, factory and office equipment	494.9	36.6	78.5		-35.9	574.1	-340.3	-14.7	-70.7		34.6	-391.1	183.0	154.6
Payments on account and assets under construction	112.0	-108.3	40.5		-2.1	42.1							42.1	112.0
	818.3	**23.7**	**160.6**		**-72.6**	**930.0**	**-411.4**	**-16.2**	**-83.2**		**53.3**	**-457.6**	**472.4**	**406.9**

	Purchase costs						Accumulated depreciation						Carrying amounts	
	Balance 1/1/2021	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2021	Balance 1/1/2021	Currency changes and other changes	Additions/ retransfers[1]	Changes in group of consolidated companies	Disposals	Balance 12/31/2021	Balance 12/31/2021	Balance 12/31/2020
RIGHT-OF-USE ASSETS														
Real Estate – Retail stores	537.2	26.5	130.9		-41.1	653.5	-182.0	-8.6	-115.1		35.1	-270.6	382.9	355.2
Real Estate – Warehouses & offices	566.5	18.6	100.7		-18.8	667.0	-102.2	-4.1	-70.3		15.4	-161.2	505.8	464.3
Others (technical equipment and machines and vehicles)	73.4	4.1	10.3		-18.8	69.1	-15.3	-0.5	-9.3		7.9	-17.2	51.9	58.1
	1,177.2	**49.2**	**241.9**		**-78.7**	**1,389.5**	**-299.6**	**-13.2**	**-194.7**		**58.5**	**-449.0**	**940.5**	**877.6**
INTANGIBLE ASSETS														
Goodwill	288.3	3.2				291.5	-46.8					-46.8	244.7	241.4
Intangible assets with an indefinite useful life	133.6	9.7				143.3	-17.7					-17.7	125.6	115.9
Other intangible assets	240.6	4.0	46.9		-15.0	276.5	-154.6	-0.8	-27.8		8.1	-175.1	101.6	86.1
	662.5	**16.9**	**46.9**		**-15.0**	**711.4**	**-219.1**	**-0.8**	**-27.8**		**8.1**	**-239.6**	**471.9**	**443.4**

1) In the financial year 2021 there was no impairment of property, plant and equipment (previous year: € 0.0 million, see chapter 9), an impairment of right-of-use assets of € 18.5 million (previous year: € 16.1 million, see chapter 10) and an impairment of intangible assets of € 0.0 million (previous year: € 1.9 million, see chapter 11).

T.86 CHANGES IN FIXED ASSETS 2022 (€ million)

	Purchase costs						Accumulated depreciation						Carrying amounts	
	Balance 1/1/2022	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2022	Balance 1/1/2022	Currency changes and other changes	Additions/ retransfers[1]	Changes in group of consolidated companies	Disposals	Balance 12/31/2022	Balance 12/31/2022	Balance 12/31/2021
PROPERTY, PLANT AND EQUIPMENT														
Land, land rights and buildings including buildings on third party land	168.6	5.9	0.9		-0.2	175.2	-47.0	-1.6	-6.0		0.1	-54.5	120.7	121.6
Technical equipment and machines	145.2	19.3	6.8		-0.5	170.8	-19.5	-9.2	-9.0		0.4	-37.3	133.5	125.7
Other equipment, factory and office equipment	574.1	64.4	112.7		-45.0	706.2	-391.1	-16.4	-79.3		43.6	-443.2	263.1	183.0
Payments on account and assets under construction	42.1	-44.0	79.5		-2.4	75.1		-0.1				-0.1	75.0	42.1
	930.0	**45.5**	**199.9**		**-48.1**	**1,127.3**	**-457.6**	**-27.4**	**-94.3**		**44.2**	**-535.2**	**592.2**	**472.4**

	Purchase costs						Accumulated depreciation						Carrying amounts	
	Balance 1/1/2022	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2022	Balance 1/1/2022	Currency changes and other changes	Additions/ retransfers[1]	Changes in group of consolidated companies	Disposals	Balance 12/31/2022	Balance 12/31/2022	Balance 12/31/2021
RIGHT-OF-USE ASSETS														
Real Estate – Retail stores	653.5	13.3	187.1		-58.9	795.0	-270.6	-5.8	-135.5		47.8	-364.1	430.9	382.9
Real Estate – Warehouses & offices	667.0	8.4	188.8		-27.1	837.1	-161.2	-0.8	-82.1		20.1	-223.9	613.1	505.8
Others (technical equipment and machines and vehicles)	69.1	-7.1	29.5		-6.0	85.5	-17.2	3.6	-10.6		6.0	-18.2	67.3	51.9
	1,389.5	**14.6**	**405.4**		**-92.0**	**1,717.6**	**-449.0**	**-3.1**	**-228.1**		**73.9**	**-606.2**	**1,111.3**	**940.5**
INTANGIBLE ASSETS														
Goodwill	291.5	-2.2				289.3	-46.8	0.2				-46.6	242.7	244.7
Intangible assets with an indefinite useful life	143.2	7.8				151.0	-17.6					-17.6	133.4	125.6
Other intangible assets	276.6	2.7	64.0		-2.4	341.0	-175.1	-1.3	-36.3		2.2	-210.5	130.4	101.6
	711.4	**8.3**	**64.0**		**-2.4**	**781.2**	**-239.5**	**-1.2**	**-36.3**		**2.2**	**-274.7**	**506.5**	**471.9**

1) In the financial year 2022 there was an impairment of property, plant and equipment of € 0.6 million (previous year: € 0.0 million, see chapter 9), an impairment of right-of-use assets of € 25.4 million (previous year: € 18.5 million, see chapter 10) and no impairment of intangible assets (previous year: € 0.0 million, see chapter 11).

APPENDIX 2 OF THE CONSOLIDATED FINANCIAL STATEMENTS

MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THEIR MANDATES STATUS: DECEMBER 31, 2022

MEMBERS OF THE MANAGEMENT BOARD AND THEIR MANDATES

Arne Freundt
Since November 8, 2022: Chief Executive Officer (CEO)

Hubert Hinterseher
Chief Financial Officer (CFO)

Anne-Laure Descours
Chief Sourcing Officer (CSO)

Bjørn Gulden (until December 31, 2022)
Membership of other supervisory boards and controlling bodies:

- Salling Group A/S, Brabrand/Denmark (Chair)
- Borussia Dortmund GmbH & Co. KGaA, Dortmund (until December 31, 2022)
- Tchibo GmbH, Hamburg
- Essity Aktiebolag (publ), Stockholm/Sweden

Maria Valdes (since January 1, 2023)
Chief Product Officer (CPO)

MEMBERS OF THE SUPERVISORY BOARD AND THEIR MANDATES

Héloïse Temple-Boyer (since April 18, 2019)
(since May 11, 2022: **Chair)**
Paris, France

Deputy CEO of ARTÉMIS S.A.S., Paris/France

Membership of other supervisory boards and controlling bodies[1]:

- Kering S.A., Paris/France
- Giambattista Valli S.A.S., Paris/ France
- Société d'exploitation de l'hebdomadaire le Point S.A., Paris/France
- ACHP Plc, London/United Kingdom
- Christie's International Plc, London/United Kingdom
- Palazzo Grassi S.p.A., Venice/Italy
- Compagnie du Ponant S.A.S., Marseille/France
- Pinault Collection, Paris/France
- Le Point Communication, Paris/France
- Arvag S.A.S., Marseille/France
- Garuda S.A., Paris/France
- Royalement Vôtre Editions S.A.S., Paris/France

1) All mandates are mandates within the ARTÈMIS-Group, with the exception of Royalement Vôtre Editions S.A.S. Kering S.A. is a listed company.

Thore Ohlsson (since May 21, 1993)
(Deputy Chair)
Falsterbo, Sweden

President of Elimexo AB, Falsterbo/Sweden

Membership of other supervisory boards and controlling bodies:

- Tomas Frick AB, Vellinge/Sweden
- Orrefors Kosta Boda AB, Kosta/Sweden
- Infinitive AB, Malmö/Sweden
- Friskvårdcenter AB, Malmö/Sweden
- Totestories AB, Vellinge/Sweden

Jean-François Palus (since June 16, 2007)
Paris, France

Group Managing Director and member of the Board of Directors of Kering S.A., Paris/France, responsible for Strategy, Operations and Organization

Membership of other supervisory boards and controlling bodies[2]:

- Kering Americas, Inc., New York/USA
- Guccio Gucci S.p.A., Florence/Italy
- Gucci America, Inc., New York/USA
- Kering Eyewear S.p.A., Padua/Italy
- Birdswan Solutions Ltd., Haywards Heath/West Sussex/United Kingdom
- Paintgate Ltd., Haywards Heath/West Sussex/United Kingdom
- Kering Asia Pacific Ltd., Hong-Kong/China
- Kering South East Asia Pte Ltd., Singapore
- Boucheron S.A.S., Paris/France
- Kering Beauté SAS, Paris/France
- Kering Canada Services Inc, Vancouver/Canada

2) All mandates are mandates within the Kering-Group. Kering S.A. is a listed company. All other companies within the Kering-Group are not listed.

Fiona May (since April 18, 2019)
Calenzano, Italy

Independent Management Consultant

Membership of other supervisory boards and controlling bodies:

- R.C.S. Media Group Active Team Srl, Milano/Italy

Martin Köppel (since July 25, 2011)
(Employees' Representative)
Weisendorf, Germany

Chair of the Works Council of PUMA SE

Bernd Illig (since July 9, 2018)
(Employees' Representative)
Bechhofen, Germany

Senior Administrator IT Systems of PUMA SE

SUPERVISORY BOARD COMMITTEES

Personnel Committee
- Héloïse Temple-Boyer (Chair) (since May 11, 2022)
- Fiona May
- Martin Köppel
- Jean-François Palus (until May 11, 2022)

Audit Committee
- Thore Ohlsson (Chair)
- Héloïse Temple-Boyer
- Bernd Illig

Nominating Committee
- Héloïse Temple-Boyer (since May 11, 2022: Chair)
- Jean-François Palus (until May 11, 2022: Chair)
- Fiona May

Sustainability Committee
- Fiona May (Chair)
- Héloïse Temple-Boyer
- Martin Köppel

DECLARATION BY THE LEGAL REPRESENTATIVES

We state to the best of our knowledge that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles, and that the Group management report, which is combined with the Management report of PUMA SE for the financial year 2022, provides a true and fair view of the course of the development and performance of the business and the position of the Group, together with a description of the principal risks and opportunities associated with the expected performance of the Group.

Herzogenaurach, February 2, 2023

The Management Board

Freundt Hinterseher Descours Valdes

For the Consolidated Financial Statements and Group Management Report we have issued an unqualified auditor’s report. The English language text below is a translation of the auditor’s report. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Independent Auditor's Report

To PUMA SE, Herzogenaurach

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of PUMA SE, Herzogenaurach, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of the Company and the Group (combined management report) of PUMA SE for the financial year from January 1 to December 31, 2022.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

The combined management report contains cross-references that are not provided for by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report. The combined management report contains cross-references that are not provided for by law and

which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [*Institute of Public Auditors in Germany*] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Revenue recognition cut-off for wholesale customers

For information on the accounting policies applied, please refer to Sections 2 and 19 in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

The consolidated financial statements of PUMA SE for financial year 2022 report revenue of EUR 8,465.1 million. Revenue includes revenue of EUR 6,513.7 million from the sale of goods to wholesale customers.

The Group recognizes revenue from the sale of goods to wholesale customers when it fulfils a performance obligation through the transfer of a promised asset to a customer. An asset is transferred when (or as) the customer obtains control of that asset. In accordance with the transfer of control, revenue from wholesale customers is recognized at a point in time in the amount to which the Group is entitled.

The Management Board of PUMA SE has defined the criteria for the recognition of revenue at a point in time in a group-wide accounting policy and implemented processes for correct recognition and cut-off.

In the final weeks prior to the reporting date, a range of transactions with wholesale customers take place with individual contractual agreements on the transfer of risk. In addition, there are internally defined and externally communicated revenue targets for the financial year, which represent a key benchmark for measuring corporate success.

There is the risk for the consolidated financial statements that revenue in the reporting year is overstated due to it being recognized in the wrong period, meaning that it is not recorded on an accrual basis.

OUR AUDIT APPROACH

In order to audit revenue recognition cut-off for wholesale customers, we assessed the design, setup and effectiveness of the internal controls relating to outgoing goods and the acceptance of goods and invoicing, in particular the determination and verification of the correct transfer of control. In addition, we reviewed the presentation of revenue recognition in the group-wide accounting policy to ensure compliance with IFRS 15.

Furthermore, we assessed revenue recognition cut-off for wholesale customers by reconciling invoices with the related orders, underlying contracts and external delivery records. This was based on revenue recognized at the end of December 2022 and selected using a mathematical/statistical procedure.

OUR OBSERVATIONS

PUMA SE's approach to revenue recognition cut-off with wholesale customers is appropriate.

Impairment testing of right-of-use assets for retail stores

For information on the accounting policies applied, please refer to Sections 1, 2 and 10 in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

As of December 31, 2022, right-of-use assets of EUR 1,111.3 million are recognized in the consolidated financial statements of PUMA SE. A significant portion of the right-of-use assets is attributable to retail stores (EUR 430.9 million). Right-of-use assets amount to 16.4% of total assets and thus have a material influence on the Company's net assets.

Owing to the large number of leases and the resulting transactions, the Company has set up group-wide processes and controls for the measurement of leases.

Right-of-use assets for retail stores are tested for impairment at the level of the individual retail stores as cash-generating units. The impairment test compares the carrying amount of the cash-generating unit with its recoverable amount. The Company determines the recoverable amount for the retail stores indicating potential impairment by using the discounted cash flow method. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized for the right-of-use asset of the cash-generating unit. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Impairment testing of right-of-use assets for retail stores is complex and based on a range of assumptions that require judgment. Among others, these include the business and earnings performance of the retail store for the next year, the assumed growth rates, the applied discount rate and the use of extension options. The uncertainty associated with these estimates has been further heightened, particularly in relation to retail stores in Russia. The Company recognized impairment losses in the amount of EUR 25.4 million for right-of-use assets for retail stores during the financial year.

In particular owing to the judgments for measuring right-of-use assets for retail stores, there is the risk for the consolidated financial statements that an impairment of right-of-use assets may not be identified.

OUR AUDIT APPROACH

Using the information obtained during our audit, we assessed whether there were any indicators of impairment for right-of-use assets for retail stores. In doing so, we thoroughly examined the Company's approach to determining the need to recognize impairment losses and, based on the information obtained in the course of our audit, assessed whether there were any indications of impairment that had not been identified by the Company.

With the involvement of our valuation specialists, for a sample of retail stores selected based on risk, we then assessed (among other things) the appropriateness of the Company's calculation method. For this purpose we discussed the expected business and earnings development for the retail stores selected in this sample and the assumed growth rates with those responsible for planning. Where accounting judgments were made for determining the lease term, we examined these judgments to determine whether the underlying assumptions were comprehensible in light of the prevailing market conditions and risks in the industry.

We also assessed the accuracy of the Company's previous forecasts for the affected right-of-use assets by comparing the budgets from the previous financial year for the selected retail stores in the sample with the actual results, and we analyzed any deviations. Further, we compared the assumptions and data underlying the discount rates with our own assumptions and publicly available data. We also assessed whether the calculation method for the discount rate was appropriate.

We verified the computational accuracy of the carrying amount of the right-of-use assets determined by PUMA SE for the retail stores included in the sample.

In order to take forecast uncertainty into account, we examined the impact of potential changes in the discount rate, earnings performance and long-term growth rates on the value in use by calculating alternative scenarios for the selected sample and comparing these with the values stated by the Company (sensitivity analysis).

OUR OBSERVATIONS

The calculation method used for impairment testing of right-of-use assets for retail stores is appropriate and in line with the accounting policies to be applied.

The Company's assumptions and data used for the measurement of the right-of-use assets for retail stores are appropriate.

Other Information

The Management Board and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the separate combined non-financial report of the Company and the Group referred to in the combined management report, but which is not expected to be provided to us until after the date of this independent auditor's report,

- the combined corporate governance statement for the Company and Group, which is included in a separate section of the combined management report, and
- information extraneous to combined management reports and marked as unaudited.

The other information also includes the annual report, which is expected to be made available to us after the date of this independent auditor's report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Management Board is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "pumase-2022-12-31-de (1).zip" (SHA256 hash value: 4bb0 ac70e10cd5ce532c49039d53ecc32237069a2ca9bb223840d0e13236d3a1) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2022, contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

Owing to the conversion process selected by the Company concerning the information in the notes in iXBRL format (block tagging), the consolidated financial statements converted into the ESEF format are not machine-readable in a fully meaningful respect. There is significant legal uncertainty regarding the legal conformity of management's interpretation that meaningful machine-readability of the structured information in the notes is not explicitly required by Commission Delegated Regulation (EU) 2019/815 for the block tagging of notes, which thus also constitutes an inherent uncertainty of our audit.

The Company's Management Board is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Management Board is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on May 11, 2022. We were engaged by the Supervisory Board on July 11, 2022. We have been the group auditor of PUMA SE since financial year 2022.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to group entities the following services that are not disclosed in the consolidated financial statements or in the combined management report: As well as the consolidated financial statements, we also audited the annual financial statements and combined management report of PUMA SE and conducted various audits of annual financial statements at subsidiaries, a review of interim financial statements as well as of the combined non-financial statement. Furthermore, statutory EMIR assessments pursuant to Section 20 of the German Securities Trading Act [WpHG] were performed.

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered into the Company register – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Matthias Koeplin.

Nuremberg, February 8, 2023.

Koeplin Wirtschaftsprüfer [German Public Auditor]	Dr. Schroff Wirtschaftsprüfer [German Public Auditor]

REPORT BY THE SUPERVISORY BOARD

HÉLOÏSE TEMPLE-BOYER
VORSITZENDE DES AUFSICHTSRATS

DEAR SHAREHOLDERS,

In 2022, PUMA was once again confronted with numerous challenges: Russia's war against Ukraine, which has been raging for about a year now, led first and foremost to human tragedies that we have opposed with all our strength and will continue to oppose. We have always acted according to our credo "people first" and supported many colleagues in leaving affected Ukrainian areas and making a new start in other countries. Within Ukraine, we have also supported our colleagues, athletes and business partners in a variety of ways with safe shelters, aid supplies and donations. The war in Ukraine also increased geopolitical tensions and contributed to socioeconomic challenges such as high energy prices, soaring inflation, slowing economic growth, and declining consumer confidence. The COVID-19 pandemic also continued to cause major constraints for our local colleagues as well as our operations, particularly in China.

Thanks to the consistent and determined actions of our Management Board and the continued outstanding performance of our employees, PUMA was able to build on its strengths so successfully in 2022. Thanks to our brand and growth dynamics as well as operational flexibility, we were able to gain further market share in a challenging competitive environment and further increase our brand heat. As a result, we were once again able to achieve the best annual results in PUMA's history in terms of both sales and profits. In doing so, we were always the best partner for our athletes, retailers and suppliers. We have continued to work as closely and as cooperatively as possible with them to keep our supply chains stable and to increase sales of our products. We continued to vigorously implement our "people first" approach in light of the COVID-19 pandemic, maintaining hygiene and occupational health and safety policies above and beyond legal requirements and conducting vaccination campaigns throughout.

We also successfully completed the generation change on the Management Board with the appointment of Arne Freundt as Chair of the Management Board. Arne Freundt has already served PUMA for over eleven years in many key strategic and commercial leadership roles and has been promoted by the Supervisory Board as the designated successor at the top of the company in recent years. With the appointment of Maria Valdes as Chief Product Officer, we were also able to add yet another strong leader to the Management Board who has been successfully working at PUMA for many years. We would also like to take this opportunity to thank Bjørn Gulden once again for his excellent achievements in the service of PUMA. We are convinced that PUMA is ideally positioned to successfully master future challenges and to maintain and further increase its current momentum: The foundations for a successful 2023 have been laid.

In the financial year 2022, the Supervisory Board has exercised all its duties under the law, statutes and company rules. The Supervisory Board has dealt extensively with the status and the development of PUMA, with a special focus on the war in Ukraine and the COVID-19 pandemic, and has regularly advised and supervised the Management Board in its management of the Company.

In this regard, the Supervisory Board has in its four regular meetings discussed and resolved on the Company's business policies, all relevant aspects of corporate development and corporate planning, the Company's economic situation, including its net assets, financial position and results of operations, the adequacy of capital resources and all key decisions for the Group. The Management Board has informed the Supervisory Board regularly, comprehensively, and in a timely manner in written and verbal form about the implementation of all decisions and about all major business transactions. Furthermore, in 2022 two extraordinary meetings of the Supervisory Board took place. Several matters were decided via circular resolutions using electronic means of communication. All members participated in drawing up the resolutions (except for the resolutions adopted at one of the two extraordinary meetings). Whenever necessary, representatives of the shareholders and employees held separate preliminary discussions prior to the meetings.

Plenary Supervisory Board	**Attendance at meetings (referring to regular and extraordinary meetings)**	**Attendance in %**
Héloïse Temple-Boyer	6/6	100
Thore Ohlsson	6/6	100
Jean-François Palus	5/6	83
Fiona May	6/6	100
Martin Köppel	6/6	100
Bernd Illig	6/6	100

The Supervisory Board discussed in detail all of the Company's key business transactions, based on the reports by the Management Board and the Committees, and presented its own ideas. The Management Board has provided the Supervisory Board with detailed information on any deviations of the business performance from the budgeted figures, both in writing and orally. The Supervisory Board verified these explanations using the supporting documents, which were always submitted in appropriate time before the meetings. The Supervisory Board was involved in all key decisions at an early stage. In addition, the Chair of the Supervisory Board maintained, and continues to maintain, regular verbal or written contact with the CEO and keeps himself informed of all major developments. Overall, these discussions did not give any indication that the Management Board was managing the Group in anything other than a lawful and proper manner.

The Supervisory Board members took part, on their own initiative, in the educational and training measures necessary for the performance of their duties. The Company supports the Supervisory Board members in their training activities, for example by having the Legal Department regularly prepare changes in the legal framework for the Supervisory Board and report about them in the meetings. In 2022, the Supervisory Board received an update on the rights and duties of supervisory board members, a training on PUMA's financial KPIs, and finally a training on the regulatory requirements for the Supervisory Board in the area of ESG. The focus here was emphasized on the sustainability-related amendments to the German Corporate Governance Code, the Act on Corporate Due Diligence in Supply Chains (Supply Chain Due Diligence Act) and the European Draft Directive on Corporate Sustainability Due Diligence.

MAIN ADVISORY FOCUS

In the 2022 financial year, the main focus was on the following issues: Continuous assessment of the impact and handling of the war in Ukraine, review and approval of the 2021 consolidated and annual financial statements and the 2021 non-financial report, dividend proposal, ongoing handling of the COVID 19 pandemic, setting the agenda for the Annual General Meeting on May 11, 2022, approval of the Management Board's decisions to hold the Annual General Meeting as a virtual Annual General Meeting without the physical presence of shareholders or their proxies, preparation and implementation of the personnel change on the Supervisory Board (election of Héloïse Temple-Boyer as the new Chair of the Supervisory Board), preparation and realization of personnel adjustments on the Management Board (in particular appointment of Arne Freundt as Chair of the Management Board (CEO) and of Maria Valdes as member of the Management Board (Chief Product Officer (CPO)) from January 1, 2023), evaluation of the self-assessment of the Supervisory Board, implementation of necessary adjustments under the German Corporate Governance Code, current business and revenue development, markets and trends, financial position of the Group, corporate and budget planning 2023 as well as medium-term planning, including investments, further improvement of the compliance management and internal control system as well as material litigation in the Group.

As every year, the Personnel Committee and the Supervisory Board determined the degree of achievement of the targets for the individual Management Board members with regard to 2021. The Supervisory Board decided on the individual targets for the variable Management Board remuneration for the 2022 financial year upon recommendation of the Personnel Committee.

CONFLICTS OF INTEREST

The members of the Supervisory Board are required to disclose to its Chair any conflicts of interest without undue delay. In the past year, no such disclosures were made.

COMMITTEES

The Supervisory Board has established four committees to perform its duties: The Personnel Committee, the Audit Committee, the Nominating Committee and the Sustainability Committee. The Personnel Committee, the Audit Committee and the Sustainability Committee each comprise two shareholder representatives and one employee representative. The Nominating Committee is composed only of shareholder representatives. The composition of the committees can be found in the notes to the consolidated financial statements. The Supervisory Board receives regular reports on their work.

PERSONNEL COMMITTEE

The Personnel Committee has the task of preparing the conclusion and amendment of employment contracts with the members of the Management Board and establishing policies for human resources and personnel development. It met to one regular meeting in 2022, decided on the target achievement for the individual Management Board members and set the targets for 2022. In addition, the approval of the LTI programs 2022 were the focus of the discussions. Corresponding recommendations for resolutions were made to the Supervisory Board.

Personnel Committee	Attendance at meetings	Attendance in %
Jean-François Palus*	1/1	100
Fiona May	1/1	100
Martin Köppel	1/1	100

*On May 11, 2022, and thus after the meeting of the Personnel Committee, Héloïse Temple-Boyer replaced Jean-François Palus as Chair of the Personnel Committee.

AUDIT COMMITTEE

The Audit Committee held four regular meetings in the financial year 2022. In particular, the Audit Committee is responsible for the review of the accounting, particularly comprising the consolidated financial statements and the group management report, group half year report, interim financial information and the single entity financial statements in accordance with the German Commercial Code (HGB). It is furthermore responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, compliance and the statutory audit of the financial statements, with particular regard to the process of selecting an auditor. The Audit Committee is also responsible for conducting the selection process of the auditor. In addition, the Audit Committee monitors the independence of the auditor and ensures that the non-audit services of the auditor commissioned by the Management Board do not give rise to any grounds for disqualification or partiality or any threat to independence. The Audit Committee issues the audit mandate on behalf of the Supervisory Board to the auditor elected by the general meeting, determines the audit areas of the audit, monitors the quality of the audit and the services additionally provided by the auditor and agrees the fee with the auditor. Heads of the corporate functions were also available for reports and questions on individual agenda items at the committee meetings. The Audit Committee meets regularly with the auditor, also without the Management Board.

Audit Committee	Attendance at meetings (referring to regular and extraordinary meetings)	Attendance in %
Thore Ohlsson	4/4	100
Héloïse Temple-Boyer	4/4	100
Bernd Illig	4/4	100

NOMINATING COMMITTEE

The Nominating Committee has the task of proposing suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. It held no meeting in the last financial year.

SUSTAINABILITY COMMITTEE

The Sustainability Committee met once in the 2022 financial year to discuss the company's sustainability strategies. The focus was emphasized on the evaluation of the "Conference of the People," sustainability-related projects within the company and relevant, upcoming legislative projects. The Sustainability Committee consists of three members.

Sustainability Committee	Attendance at meetings (referring to regular and extraordinary meetings)	Attendance in %
Fiona May	1/1	100
Héloïse Temple-Boyer	1/1	100
Martin Köppel	1/1	100

CORPORATE GOVERNANCE

As in previous years, the Supervisory Board addressed current developments in the financial year 2022 regarding the German Corporate Governance Code in the version dated December 16, 2019 (effective as of March 20, 2020) and April 28, 2022 (effective as of 27 June 2022). (GCGC). The GCGC contains essential statutory regulations and recommendations for the management and supervision of listed companies and standards for responsible corporate governance. The corporate governance standards have long been a part of the corporate routine.

Pursuant to Principle 23 of the GCGC, the Supervisory Board reports on corporate governance in the Corporate Governance Statement. The Company satisfies all requirements of the GCGC, to the extent required by it, with only one exception. The exception is explained in the Statement of Compliance with the GCGC of November 9, 2022. The exception ceases to apply from January 1, 2023. As of this date, the Company again satisfies all requirements of the GCGC, to the extend required by it. The Statement of Compliance of November 9, 2022 as well as the corresponding update dated January 1, 2023 are available to our shareholders at any time on the Company's website under https://about.PUMA.com/en/investor-relations/corporate-governance at STATEMENT OF COMPLIANCE.

ANNUAL FINANCIAL STATEMENTS ADOPTED

The annual financial statements for PUMA SE prepared by the Management Board in accordance with the German Commercial Code (Handelsgesetzbuch/HGB), the consolidated financial statements and the combined management report for PUMA SE and the PUMA Group, each for the financial year 2022, prepared in accordance with Section 315a HGB on the basis of the International Financial Reporting Standards (IFRS) have been audited by the statutory auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Nuremberg, who were appointed at the Annual General Meeting on May 11, 2022 and commissioned by the Supervisory Board to audit the annual financial statements and the consolidated financial statements and have been given an unqualified auditor's opinion.

In their report, the statutory auditors conclude that PUMA's institutionalized risk management system, in accordance with Section 91(2) of the German Stock Corporation Act (Aktiengesetz/AktG), is capable of detecting at an early stage and countering any developments that might jeopardize the continuity of the Company as a going concern. The Supervisory Board has been updated by the Management Board regularly on all relevant risks in this regard, in particular its assessments of market and procurement risks, financial risks (including currency risks as well as risks due to the war in Ukraine and the COVID-19 pandemic) and organizational risks.

The accounting records, the audit reports from the statutory auditors and the Management Board's and Supervisory Board's recommendation on the appropriation of net profit were made available to all members of the Supervisory Board in a timely manner. At the meeting of the Audit Committee on February 28, 2023 and at the subsequent Supervisory Board meeting held on the same day, the statutory auditors reported on the key results of their audit and discussed them in detail with the Management Board and the members of the Supervisory Board. No discrepancies were detected.

The Supervisory Board reviewed in detail the annual financial statements, the combined management report for PUMA SE and the PUMA Group, the Management Board's and the Supervisory Board's recommendation on the appropriation of net profit and the consolidated financial statements and raised no objections. In accordance with the recommendation of the Audit Committee, the Supervisory Board agreed with the results of the audit of both statements and approved the annual financial statements of PUMA SE and the consolidated financial statements for the financial year 2022. The 2022 annual financial statements have thus been adopted.

The Management Board and the Supervisory Board resolved to propose to the Annual General Meeting a distribution of a dividend of € 0.82 per dividend entitled share to the shareholders for the financial year 2022. In this context, the liquidity situation of the Company, the financing and the effects on the capital market were discussed. The payout is in line with PUMA's dividend policy of distributing 25-35% of the PUMA Group's net income for the year. A total amount of around € 122.8 million will be paid out in dividends from PUMA SE's retained earnings. The remaining retained earnings of around € 376.6 million will be carried forward.

In its meeting on February 28, 2023, the Supervisory Board was presented the state of data collection for the non-financial report in accordance with §§ 315c in conjunction with §§ 289c to 289e of the German Commercial Code (HGB). As soon as the non-financial report is finalized, it will be submitted to the Supervisory Board for approval and will be published on the website of the Company by April 30, 2023.

THANKS

We would like to express our gratitude and recognition to the Management Board, the management teams at the Group companies, the Works Council and all our employees for their hard work and their outstanding cooperation in 2022.

Herzogenaurach, February 28, 2023

On behalf of the Supervisory Board

Héloïse Temple-Boyer
Chair

Report on equality and equal pay

Publication as an annex to the Combined Management Report 2022

According to the German Pay Transparency Act (EntgTranspG), employers are obliged to prepare a report on equality and equal pay if they generally employ more than 500 employees and are obliged to prepare a management report in accordance with the German Commercial Code. This "Report on Equality and Equal Pay" was prepared for PUMA SE in accordance with Sections 21, 22 EntgTranspG and is published as an annex to the Combined Management Report 2022.

Respect, tolerance and equality are integral components of PUMA SE's corporate culture. They have been anchored in the PUMA Code of Ethics since 2005. Adequate and equal remuneration for equivalent activities regardless of gender is one of the basic principles of PUMA's remuneration policy. In 2010, PUMA joined the "Diversity Charter" corporate initiative. The implementation of the "Diversity Charter" aims to create an appreciative working environment for all employees - regardless of age, ethnic origin and nationality, gender and gender identity, physical and mental abilities, religion and worldview, sexual orientation and social origin. In addition, PUMA has joined the global non-profit organization "Catalyst" as part of a cooperation aimed at increasing the representation of women in corporate management and promoting equal access to career opportunities.

Measures to promote gender equality

The gender distribution of employees in the PUMA Group is balanced today, with approximately 50% female employees and 50% male employees.

In 2022, women accounted for 44% of all management levels worldwide. Thanks to various measures with which PUMA has worked on equal opportunities, this figure has increased continuously in recent years (2018: 40%, 2019: 41%, 2020: 43%, 2021: 44%, 2022: 44%). However, we are not satisfied with this and are striving to increase the proportion of women in management positions, especially at the higher management levels, worldwide in the coming years. Thus, the Supervisory Board of PUMA SE has set a target of at least 2 women (33%) for the proportion of women on the Supervisory Board. For the Management Board, the Supervisory Board has set the following targets for the proportion of women: (i) at least 1 woman (25%), on condition that PUMA SE has four Management Board members, (ii) at least 1 woman (20%), on condition that PUMA SE has five Management Board members, (iii) at least 2 women (33%), on condition that PUMA SE has six Management Board members. The new targets are to be achieved by October 31, 2026.

In addition, with regard to PUMA SE, the Management Board has set a target of 30% for the first management level below the Management Board and a target of 35% for the second management level below the Management Board. At Group level, the share of women is to be 30% for the first management level below the Management Board and 40% for the second management level. The implementation deadline here is also October 31, 2026.

PUMA wants to continuously support the development of women in management positions. For this reason, we offer special training and access to inspiring networks. The exchange with experienced female managers is intended to encourage and motivate female employees to take on leading roles within the company themselves.

As a family- and life-phase-conscious employer, we take a deeper look at the needs of families and, beyond that, at the needs of employees throughout their working lives - from entry to exit. The sustainable design of our P&O policy was awarded the "audit berufundfamilie" quality seal in 2015 and 2021.

Flexible working time models and the option of part-time and mobile working give employees maximum flexibility in terms of location and time. Additional leeway is provided by the offer of sabbaticals. We also offer places in kindergartens and daycare centers, a parent-child office, a breastfeeding room, an external service provider for childcare and care of relatives, life coaching, and vacation programs for employees' children. These measures show that we are systematically and sustainably committed to a family-friendly working environment and make it a natural part of our corporate culture.

In 2022, PUMA received the German Diversity Award from the "BeyondGenderAgenda" network in the Company of the Year category. "BeyondGenderAgenda" aims to secure and expand the international competitiveness of German business in the long term by integrally embedding diversity, equity & inclusion (DE&I) in the DNA of listed and medium-sized companies. Based on the link between DE&I and business performance, the aim is to ensure equal opportunities for executives regardless of gender, age, cultural origin, sexual orientation, gender identity, and physical impairment when filling management board positions and supervisory board mandates, thus bringing about a cultural change with the involvement of politics, society, and business.

As a further measure to promote equality between women and men, the General Equal Treatment Act (AGG) and potential violations are addressed both in our training for managers on the topic of personnel selection and in the training on labor law for managers.

We see the fact that PUMA has had two women on the Management Board of four since January 1, 2023, in the form of Anne-Laure Descours and Maria Valdes, as a success of our efforts to achieve equal opportunities.

Measures to achieve equal pay for women and men

PUMA SE is bound by collective bargaining agreements. The grouping into the individual collective bargaining groups is carried out in a gender-neutral manner on the basis of the collective pay agreement.

PUMA attaches great importance to promoting equal pay. Therefore, as part of a global job evaluation and leveling project, we evaluated all positions on the basis of their job description according to a well-known job evaluation method and implemented a grading structure based on this. Since the criteria to be evaluated refer exclusively to characteristics of the function - not to the job holder - the remuneration system is gender-neutral in the sense of the *EntgTranspG*. This allows us to rule out gender discrimination that originates in the remuneration system.

This grading structure enables us to implement the annual salary increase process in a structured, standardized and transparent manner. In the annual salary increase process, only the two criteria of individual performance assessment and position in the salary band are taken into account. The increase percentages are agreed in advance with the Works Council in a corresponding table and are transparent to managers. This procedure compensates for inequalities within a salary band. In addition, employees on leave of absence (e.g. maternity leave, parental leave, sabbatical) also participate in the salary increase process and receive a salary increase in line with their percentile and a performance assessment of 100%. This ensures equal treatment and prevents the emergence of pay gaps.

In addition, the bonus structure at PUMA is also designed to be non-discriminatory in that the bonus component is linked to the position level and only company performance indicators are taken into account.

Based on the grades, we conducted a gender pay gap analysis for all German employees for the first time in 2022 and were certified as a "Universal Fair Pay Analyst" by the "FPI Fair Pay Innovation Lab". Taking into account the control variables partial retirement, age, time in position, recruited internally/externally, children, part-time, performance assessment, job family group, management responsibility, nationality and grades, women at PUMA in Germany receive the same target direct remuneration as men. Excluding potentially discriminatory factors such as part-time employment and children, the analysis still showed a minor pay gap, which we would like to close by next year.

It goes without saying that employees have the opportunity to obtain information about their individual pay equity within the framework of the *EntgTranspG*.

In addition, we are in constant dialog with the employee representatives of PUMA SE on these issues.

Statistical data as of December 31, 2022:

Number of employees: 1330

- thereof women: 651 (49%)
- thereof men: 679 (51%)

Number of full-time employees: 1173 (88%)

- thereof women: 519 (44%)
- of which men: 654 (56%)

Number of part-time employees: 157 (12%)

- of which women: 132 (84%)
- of which men: 25 (16%)

In the years 2018 to 2022, we did not employ any employee with affiliation to the third gender at PUMA SE.